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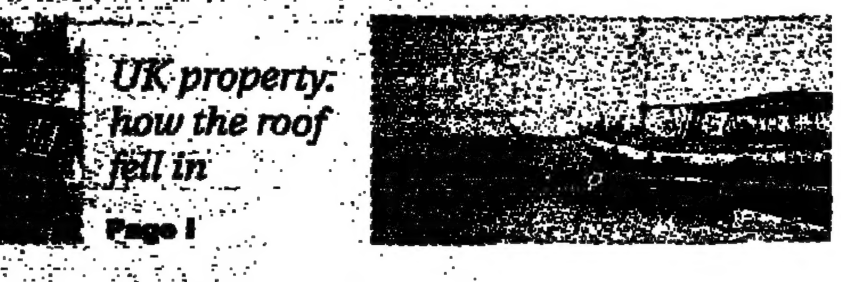
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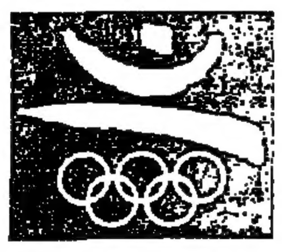
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FINANCIAL TIMES

Weekend August 8/August 9 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

Iraq must obey UN resolutions, Bush insists

United Nations weapons inspectors reached Iraq as US president George Bush insisted that Baghdad would be forced to comply with UN resolutions. He spoke after Iraq threatened to prevent searches of government ministries. Nikita Smidovich, the Russian heading the UN team, said: "We have our orders and our rights are clear. We can visit any place in Iraq." Page 2

Personal bankruptcies rise: The number of people filing for personal bankruptcy in the UK leapt 80 per cent to more than 8,000 in the first six months of 1992 compared with the first half of 1991. In the same period, 6 per cent more companies, or 11,000, petitioned to be wound up. Page 22

UK economic policy: Junior Treasury minister Stephen Dorrell went on the offensive over Britain's economy, contrasting supporters of devaluation who "hanker after quick fix" with proponents of sound money, low inflation and sustainable growth rates. Page 5

Javelin finalists: Britons Steve Backley (pictured) and Mick Hill qualified for today's javelin final, but former world record holder Jan Zelezny of Czechoslovakia led the 12 qualifiers with a throw of 83.96m. Jennifer Capriati, 16, became the youngest Olympic tennis gold medalist when she recovered from a set down to claim her first victory over defending champion Steffi Graf with a score of 3-6 6-3 6-4. Reports, Weekend FT Page IX

Chrysler: US septuagenarian Kirk Kerkorian, has signalled to the big US car maker that he is no longer prepared to remain a passive investor. The move comes two years after he paid $270m (£141.3m) for a 9.8 per cent Chrysler stake. Page 10

Lighting sale: US telecoms group GTE has agreed to sell its worldwide lighting business to Siemens of Germany and a consortium of international investors advised by London-based Citicorp Venture Capital in two separate deals worth $1.1bn (£570m). Page 10

Fires sweep US: Fires are still raging across the western US after sweeping through more than 384,000 acres of California, Colorado, Idaho, Washington, Nevada and Utah in the past week. A sixth year of drought has turned much of the West tinder dry.

South African death probe: A South African prosecutor said he was examining new evidence of a state role in the 1985 killing of Matthew Goniwe, a prominent black activist. Newspapers have alleged state involvement at a high level. Page 3

Warning on deadly mushrooms: Russians were officially urged not to eat or pick up mushrooms as cases of poisoning spread through Russia and Ukraine. At least 64 people have died.

Den Danske Bank: The big Danish bank brought forward publication of its half-year figures in a bid to stabilise international confidence in the country's banking system. Danske reported a pre-tax profit of DKr6m (£550,000), down from DKr1.5bn in the first half of last year. Page 10

Jet pilot escapes: The pilot of a Harrier GR5 jump-jet ejected to safety when the aircraft crashed on take-off from RAF Wittering, Cambridgeshire.

Questioned over murder: Two men were being questioned by police investigating the murder of 15-year-old Helen Gorrie near Portsmouth, Hampshire.

Climber falls to death: An unnamed 22-year-old British climber in France fell 1,800 ft to his death near Mont Blanc, Europe's highest mountain.

Cricket: Pakistan were 275 for four in reply to England's 207 all out on the second day of the fifth and final Test at The Oval, London.

Curing karoshi: Japan is to train doctors to spot potential victims of karoshi – death from overwork – the labour ministry said. In the year to March 31, the ministry received representations on behalf of 555 people asking it to recognise death from overwork and to pay compensation.

■ STOCK MARKET INDICES		
FT-SE 100:	2,350.1	(-27.5)
Yield	5.09	
FT-SE Eurotrack 100	1,067.01	(-11.7)
FT-A All-Share	1,119.23	(-1.1%)
Nikkei	15,518.27	(+22.96)
New York: lunchtime		
Dow Jones Ind Ave	3,365.95	(+25.39)
S&P Composite	422.95	(+2.36)
■ US LUNCHTIME RATES		
Federal Funds:	$3\frac{1}{8}$%	
3-mo Treas Bills: Yld	3.178%	
Long Bond	$107\frac{3}{32}$	
Yield	7.387%	
■ LONDON MONEY		
3-mo Interbank	$10\frac{1}{4}$%	($10\frac{5}{16}$%)
Liffe long gilt future:	Sep $97\frac{1}{4}$	(Sep $96\frac{27}{32}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day Sept	$19.9	(20.05)
■ Gold		
New York Comex (Aug)	$350.3	(349.0)
London	$350.65	(348.65)

■ STERLING		
New York lunchtime:		
$	1.92425	
London:		
$	1.9295	(1.908)
DM	2.825	(2.8275)
FFr	9.565	(9.55)
SFr	2.536	(2.54)
Y	246.8	(243.75)
£ Index	92.0	(91.8)
■ DOLLAR		
New York lunchtime:		
DM	1.4715	
FFr	4.9676	
SFr	1.31885	
Y	127.5	
London:		
DM	1.4645	(1.4815)
FFr	4.9525	(5.005)
SFr	1.3136	(1.331)
Y	127.45	(127.7)
$ Index	68.2	(60.6)
Tokyo close Y 127.95		

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Britain and US call for international investigation of Serb-run detention camps

West wary over Bosnia intervention

By Judy Dempsey and Ivo Dawnay in London and Jurek Martin in Washington

WESTERN governments were yesterday desperately seeking ways to avoid being dragged into military intervention in Bosnia-Hercegovina, following international outcry over the existence of Serb-run detention centres in the former Yugoslav republic.

Mr John Major, the British prime minister, said the government had been looking at "a whole series of options" over the past few days with its European and Nato allies. The government was not interested in "gestures", but only in what was "practical and helpful", he said.

In Washington, President George Bush warned against becoming embroiled in the Balkans, but said that the US was considering the use of force "very carefully".

"I do not want to see the US bogged down in any way into some guerrilla warfare. We've lived through that once," he said in an apparent reference to the Vietnam war.

Both leaders said they would do everything possible to inspect the detention camps, in which members of Bosnia's Moslem community are held. The camps had been graphically shown on British and US television during the previous 24 hours.

Yugoslav PM orders closure of prison camps ....Page 2
Balkan minefield ....Page 6

The two leaders are reluctant to provide ground troops in Bosnia, but ultimately they are prepared to provide military back-up for the international humanitarian relief effort. The UN is expected to discuss this issue over the next few days.

The British government also called for an emergency meeting of the UN Human Rights Commission to launch an investigation of the Serbian camps, echoing an earlier US call.

Mr Major said anyone involved in brutal behaviour in the camps would be brought to justice. "Nobody who has seen these reports could be ... other than greatly concerned about them, and we are," he said in Barcelona, where he is attending the Olympics. The UK also called on Bosnian's Serbs to allow qualified independent observers to enter the camps before handing them over to UN control.

Mr Douglas Hurd, Britain's foreign secretary, said that the UK was working with its allies to draw up a Security Council resolution calling on all governments to monitor data on the camps and abuses of prisoners.

Meanwhile, Nato officials met for the second day in Brussels to discuss the escalation of fighting.

Mr Bush's White House press conference was the second public statement he has made on events in Bosnia in the past 24 hours. He said he "would not rest until each and every one of the camps has been visited by international inspectors".

The president's main aim appeared to be to deflect speculation over military action while emphasising his horror at conditions in the camps.

"The shocking brutality of genocide in World War Two, in those concentration camps, are burning memories for all of us, and that can't happen again," he said.

But in Ankara, Mr Hokmet Cetin, Turkey's foreign minister, called for the UN Security Council to take military action if other steps failed to stop the fighting in Bosnia.

He said Turkey had written to the council's five permanent members requesting some form of limited air strike. But he added that any "ground or protracted warfare" should be avoided.

France said it would ask the UN to boost its forces in the former Yugoslavia so it could take a more offensive role to protect aid convoys.

Row at Land Travel creditors' meeting

By Michael Skapinker

MR VALERE TJOLLE, chairman of the collapsed coach tour operator Land Travel, was drenched by an angry creditor yesterday at a meeting which heard that he had received £400,000 of company money in addition to his salary over the last 16 months.

The incident came after Mr Robert Buller, of liquidators Grant Thornton, also told the crowded creditors' meeting in Bristol that he had complaints that Land Travel had banked cheques on July 23, the day before the collapse, even though Mr Tjolle had already arranged to see him.

Mr Buller said £6.6m of Land Travel's total debts of £12.4m, more than six times the amount originally estimated, was owed to would-be travellers. He said Grant Thornton had been able to identify 25,000 such customers.

Because Land Travel was not bonded by the Association of British Travel Agents or the Bus and Coach Council, customers have no chance of receiving any refund unless they paid by credit card, in which case they stand to be reimbursed by the card issuers under the Consumer Credit Act. Mr Buller said there was little chance of any creditors receiving anything.

After yesterday's meeting, Mr Buller said Mr Tjolle was owed money by Land Travel arising from his purchase of the company in 1990. He said Mr Tjolle appeared to have received the £400,000 before the period stipulated in the loan and in preference to the general body of Land Travel creditors.

Mr Buller also said the £400,000 was in addition to Mr Tjolle's annual remuneration of £52,000. He said that from January to July this year, additional payments to Mr Tjolle were made at the rate of £14,000 a week.

At the meeting, Mr Tjolle made a brief statement in which he told the creditors, many of them elderly: "I personally feel I have let you down." He said that although he had nothing to hide he had been advised by his solicitor, Mr Angus Halden, not to answer any questions.

During the two-hour meeting, an angry creditor threw a jug of water over Mr Tjolle and threatened him with a walking stick before being led away. Two creditors tore up pieces of paper and threw them in Mr Tjolle's face.

Mr Buller said it appeared that the company was trading while insolvent for some time before the liquidators were called in.

He said he had sold the Land Travel database to Shearings Holidays for a net consideration of £50,000. The company's furniture and computers were probably worth a further £25,000.

Land Travel's cut-price European holidays included three nights in Paris or Brussels at £49, and 10 days in Poland at £159.

Customers vent anger, Page 4


Outpouring of anger: A creditor makes his feelings known by throwing a jug of water over Valere Tjolle, chairman of the collapsed tour group Land Travel, at a meeting in Bristol

Mozambique peace pact promises end to 16-year civil war

By Michael Holman and Julian Ozanne

THE OPPOSING leaders in Mozambique's civil war signed an accord yesterday which could bring peace to the country for the first time in three decades.

At a ceremony in Rome, President Joaquim Chissano and Mr Afonso Dhlakama, leader of the Renamo rebels, agreed to end hostilities in the 16-year civil war by October 1. The war, which followed a guerrilla conflict seeking independence from Portugal, achieved in 1975, has devastated the already impoverished country.

War and drought have forced a quarter of the 15m population to flee, and fighting has seriously hindered efforts to avert wide starvation.

The six-page agreement, the result of nearly two years of intermittent talks, calls for the international community and the United Nations in particular to help monitor the agreement, which provides for Mozambique's first multiparty elections.

Implementation of the pact will be a formidable task, given

Continued on Page 22
Long, hard road to peace, Page 3

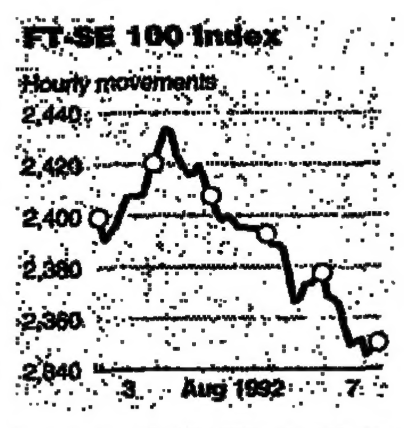
US Fed intervenes as dollar threatens new D-Mark low

By James Blitz and Terry Byland

THE FEDERAL RESERVE bought dollars in foreign exchange markets yesterday as the US currency threatened to slip to an all-time low against the D-Mark.

Making its second intervention in the market in less than three weeks, the Fed bought dollars at just under DM1.47 in mid-morning. It followed up with two further interventions at DM1.4725 and DM1.4735, and stepped in again at DM1.468 in mid-afternoon after the dollar fell back through DM1.47. Soon after, the dollar was trading at DM1.4675 in New York.

The Fed's action, shortly after the London market closed, followed the release of a disappointing US non-farm employment figure for July. This showed an increase of 198,000 month-on-month, underlining the generally sluggish growth of the US economy. Dealers had expected an overall rise of about 300,000.



The dollar's fall weakened sterling. Dealers said the pound fell at one stage to DM2.8232, its lowest since sterling joined the Exchange Rate Mechanism in October 1990. Sterling closed down in Europe at DM2.8250 compared with a previous close of DM2.8280. Its poor performance was mirrored by another bad day for UK equities, with the FT-SE 100 share index dropping 27.5 to 2,350.1.

The closing level was better than dealers had expected earlier in the day. After bottoming out at 2,344.9, the index took heart from Wall Street, where the Dow Jones Industrial Average was up some 25 points at mid-session.

The fall in London rounded off an unhappy week for UK stocks, with the FT-SE shedding about 2 per cent of its value. The index has lost almost 400 points since its record high in May and 49.5 since last Friday.

London shares, Page 13; World stocks, Page 19; Nikkei dragged down, Page 22; Lex, Page 22

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Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2500; Kuwait Fils.500; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 45; Poland Zl 18000; Portugal Esc180; Qatar QR10.00; S.Arabia Rls9.00, Singapore S$4.10; Spain Pta200; Sri Lanka Rup50; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$95; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh9.00; USA $1.25. (Alaska & Hawaii $1.75)

Yugoslav PM responds to worldwide anger

Panic orders prison camps to be closed

By Laura Silber in Budapest

MR Milan Panic, prime minister of Yugoslavia, yesterday said he would order the closure of all Serbian prison camps in Bosnia-Hercegovina following widespread international condemnation of the existence of detention camps throughout the independent republic.

"I'm going to order Radovan Karadzic [leader of Bosnia's Serbs] to close down all the camps. I'm the leader of all the Serbs in the world. If he doesn't he will have to resign and go away," said Mr Panic during a visit to Budapest, the Hungarian capital. However, he admitted he did not have full control over Mr Karadzic.

Mr Karadzic, who yesterday *denied prisoners had been systematically killed or tortured, said he wanted to investigate* "disobedience" by camp guards.

Speaking to the London-based Independent Television News from Belgrade, Mr Karadzic repeatedly tried to shake off mounting criticism from western governments which yesterday insisted that camps be opened up to inspection.

Many Moslems, forced to flee the fighting in Bosnia or forcibly deported from the republic, have described how Serb gunmen have rounded up thousands of Moslems, placed them in camps, and let them leave *once they have signed over* their property and quit the republic altogether.

But Mr Karadzic has repeatedly *denied the existence of* "ethnic cleansing", a policy aimed at creating ethnically *pure Serb regions in Bosnia-*Hercegovina. He also said Croats and Moslems had rejected his offer to release prisoners from the camps.

In Budapest, Mr Panic met Mr Franjo Greguric, prime minister of Croatia. They discussed the exchange of prisoners captured last year during the Croat-Serb war in which 10,000 people were killed. Both sides agreed to 1,500 prisoners.

Despite the televised film of Serbian-run detention camps in Bosnia, Mr Panic yesterday insisted that Yugoslavia had fulfilled the main condition towards the lifting of United Nations sanctions imposed on May 31 on Yugoslavia by claiming the Yugoslav army was no longer present in Bosnia.

Bush says Iraq will be forced to comply

By Roger Matthews in Washington

PRESIDENT George Bush insisted yesterday that Iraq would be forced to comply with United Nations' resolutions despite Baghdad's threat to deny weapons' inspectors access to government ministries.

"*I can't tell how much of this* is bluster," Mr Bush told a news conference. "But they are going to comply with UN resolutions. I am absolutely certain of that."

The president was speaking shortly after a team of 22 UN inspectors arrived *in Baghdad*, in the latest attempt to discover remaining Iraqi stocks of nuclear, chemical and other weapons *of mass destruction*. The *previous* UN team was prevented from entering the Ministry of Agriculture for 18 days before eventually searching the building last week.

On Thursday, the Iraqis threw down a further challenge, warning that no more visits to ministries would be permitted, a condition which a *Pentagon spokesman in Wash*ington described as "preposterous".

Mr Nikita Smidovich, the Russian heading the UN team in Baghdad, has given no indication whether ministries are on the list of sites that the inspectors wish to visit on this trip.

But he said before leaving Bahrain: "We have our orders and our rights are clear. We can visit any place in Iraq."

Mr Bush has refused to rule *out the use of force if President* Saddam Hussein again defies the UN. His Democratic presidential rival, Mr Bill Clinton, has added to the pressure on Mr Bush by asserting that the Iraqi leader was being permitted to run roughshod over the whole Gulf war ceasefire agreement.

Bundesbank firm on goals

By Andrew Fisher in Frankfurt

THE Bundesbank has no immediate plans to raise its Lombard rate as part of the drive to curb inflation and money supply growth, but remains concerned about domestic price trends, Mr Helmut Schlesinger, president of the German central bank, said.

He admitted that the Bundesbank had been taken aback by the criticism of its decision to raise the discount *rate by 0.75 percentage points* to 8.75 per cent last month.

It left the more important Lombard rate unchanged at 9.75 per cent.

Talking to journalists on Thursday night, he said some analysts had raised unrealistic expectations that the bank might ease monetary policy soon.

But the reaction among foreign governments showed respect for the bank's determination to damp down inflation and money supply expansion.

M3 has grown at an annualised rate of some 9 per cent, reflecting a rapid rise in bank lending as investment, much of it subsidised, is stepped up in east Germany.

At this week's Bundesbank council meeting, interest rates were *left unchanged*. There had been mild speculation that the Lombard rate, the ceiling for money market rates, would be raised. But Mr Schlesinger said the bank saw "no reason for rates to rise".

Mr Schlesinger said the Bundesbank was sticking to its goals of 2 per cent inflation and a growth range for the M3 monetary measure of between 3.5 per cent and 5.5 per cent, though neither would be met this year. "We are not operating an anti-cyclical policy, but a stabilisation policy with a longer-term horizon. We have to accept any criticism".

He said inflation rose at an annualised, seasonally adjusted rate of 4 per cent over the last six months. The official rate was down to 3.3 per cent in July from 4.3 per cent in June, but this was because consumer tax rises had now been in effect for a full year.

He was concerned about wage trends, especially the fact that public sector wages in east Germany would rise to 80 per cent of levels in the west next July. In addition, next year's rise in value-added tax from 14 to 15 per cent could push up inflation again.

House backs Russian aid

By Roger Matthews in Washington and Leyla Boulton in Moscow

THE US House of Representatives has followed the International Monetary Fund and the World Bank in backing substantial aid to Russia and the former republics of the Soviet Union.

Despite increased public opposition this year to foreign aid, the House followed the Senate late on Thursday in approving by 255 votes to 164 some $1.2bn (£620m) in bilateral aid and an increase of $12bn in the US commitment to the IMF.

Opponents of the bill, which now goes to a House-Senate conference, insisted that the administration had a greater duty to provide funds to alleviate US problems, in particular unemployment and inner city deprivation.

The vote came shortly after a statement of support for Russian economic reform efforts from Mr Michael Camdessus, the IMF managing director. Mr Camdessus said the approval of a $1bn first-tranche credit on Wednesday was the first step in what should be a full IMF standby agreement with Moscow.

The World Bank on Thursday approved a $600m loan to purchase imports. It will get directly involved in Moscow's fledgling foreign exchange market by distributing some $250m of its loan via the Russian central bank, the Bank said in Moscow yesterday.

Mr Ardy Stoutjesdijk, director of the World Bank's Moscow operations, said he expected the central bank to sell an extra $25m a week on the inter-bank currency exchange, where commercial banks buy and sell currency for enterprises and other clients. The World Bank will disburse the money to the central bank in return for documents showing that currency has been sold for the purpose of importing goods other than tobacco, jewellery and alcohol.

The remaining $350m of the World Bank loan is intended to finance crucial imports of medicines, agricultural supplies, and spare parts for public transport systems and St Petersburg's port, which handles most humanitarian aid.

Bonn on course in economy drive

By Christopher Parkes in Bonn

BONN'S economy drive is on course for success this year, but there are still signs of overspending among state governments and local authorities, according to Mr Manfred Carstens, *junior finance minister*.

Government spending so far matched forecasts and there were no detectable big risks on the income side, he said yesterday.

Claiming that Bonn expected to be able to meet its target of a DM40.5bn (£14.3bn) federal budget deficit for 1992, compared with DM52bn in 1991, he announced plans to raise around DM33bn on capital markets during the current year.

*Credit raising so far had pro*ceeded smoothly and on relatively good terms, Mr Carstens added.

However, he reflected concern about over-spending among state governments and local authorities, with a warning that they should now play their part in the consolidation process.

While the federal government seems to be holding to its undertaking to clamp down on spending increases, appeals to the states to limit annual increases to 3 per cent appear to have gone unheard.

According to Mr Helmut *Schlesinger, president of the* Bundesbank, state and local authority spending is likely to rise 5 per cent in 1992.

Meanwhile, trade figures published yesterday underlined the uncertain state of the German economy. The DM2bn visible trade surplus in June was almost double the May figure and four times as high as a year earlier.

But both imports and exports fell: imports of DM49.5bn were down almost 3 per cent on May, *while exports were more* than 1 per cent lower at DM51.5bn.

The pan-German deficit on the current account, which includes services and other invisible elements, rose to DM4.3bn, compared with DM4bn in May and also in June last year.

NEWS IN BRIEF

Conference issues final weapons treaty draft

The 39-nation Conference on Disarmament yesterday produced the final draft of a treaty to ban chemical weapons, ending 24 years of talks, AP reports from Geneva.

"This is the end of the substantive talks," said a senior US negotiator. "Now it's a question of procedure." The negotiator, said the first step would be to see which countries would approve the compromise text immediately.

Some countries will be able to announce their acceptance when the committee on chemical weapons meets again on August 26 to start the process of reporting the treaty to the UN general assembly.

Others will have an opportunity to sign the treaty in a Paris ceremony late this year or early next year. At that point, the conference organisers will persuade reluctant nations to go along.

The accord will go into effect when at least 65 nations have signed. It aims to eliminate chemical weapons over *10 years and* provides for inspections to make sure the treaty is observed.

Italy signals determination to shake up state sector

Italy's new government signalled its determination to shake up and privatise the country's state sector by yesterday pushing through a revolutionary change to the boards of the four biggest public-sector companies, writes Haig Simonian from Rome.

It is expected that the boards of IRI, the country's biggest state holding company, ENI, the energy and chemicals concern, ENEL, the state electricity authority and Ina, the state insurance agency, will be *slimmed down to just three individuals*.

The present chairmen of all four groups will retain their posts, while the new position of chief executive will be created, and filled by the companies' director-generals. The third board member will be a senior civil servant from one of the key government ministries involved in the privatisation process.

Full details of the changes were due to be given at a press conference held by Mr Giuliano Amato, the prime minister, and including Mr Piero Barucci, the treasury minister, Mr Franco Reviglio, the budget minister and Mr Giuseppe Guarino, the industry minister, last night.

The new structure will replace the dozens of committees and executive groups, comprising largely political appointees, which have dominated the four companies in the past. The main board at ENI comprises 15 members, largely proposed by the governing parties, while that at *IRI has 14*.

SAS cancels flights in face of wildcat strikes

Scandinavian Airlines yesterday cancelled nearly all flights from Norway and Denmark as it was hit by its fourth consecutive day of wildcat strikes, Reuter reports from Stockholm.

The airline was able to operate only a handful of international flights from Oslo and Copenhagen using non-striking Swedish crew. SAS's Norwegian and Danish cabin crew members had walked off their jobs on Thursday in a protest over planned job reductions at the airline. However, Norwegian cabin crew yesterday agreed to return to work after their union agreed to call a legal strike if their demands for SAS to change its job-reduction plans were not met.

Their strikes followed a two-day stoppage by Swedish cabin and ground crew which also disrupted operations.

Fernández Ordóñez dies after long illness

Mr Francisco Fernández Ordóñez, the former foreign minister who helped guide Spain's integration into the European Community, died yesterday after a long illness, AP reports from Madrid. He was 62.

Mr Fernández Ordóñez had *asked to be relieved from his post* as foreign minister in June. He had suffered from cancer of the liver and gall bladder problems and was also operated on for an intestinal ailment in 1989.

Formerly known as the untiring workhorse of the Socialist government of Mr Felipe Gonzalez, the prime minister, Mr Fernández Ordóñez took over at the Foreign Ministry in 1985, three years after the *Socialists* took office. One of the most popular and respected figures in the Gonzalez government, he was replaced on June 26 by Mr Javier Solana.

News reports said Mr Gonzalez interrupted his summer holidays on Thursday to visit Mr Fernández Ordóñez early yesterday.

A tax lawyer by training, Mr Fernández Ordóñez was outspoken in his advocacy of EC unity – and Spain's controversial efforts to rise to the challenge.

US reports fall in jobless rate to 7.7%

By Michael Prowse in Washington

THE US jobless rate fell slightly last month to 7.7 per cent partly as a result of increased federal funding for a summer jobs programme, the Labour Department reported yesterday.

The figures were a relief for President George Bush after a sharp rise in unemployment in June, but were not good enough to give him a significant economic boost ahead of the Republican party convention in Houston this month.

At a news conference yesterday, President Bush said: "I simply cannot be satisfied until every American who wants a job has one."

The *figures* represented the first improvement in the rate of unemployment since April, when it dipped to 7.2 per cent.

In May and June, unemployment jumped by 0.6 percentage point to an eight-year high of 7.8 per cent, giving Democrats ammunition for their charges that the Republicans had mishandled the economy.

In financial markets, the figures were seen as consistent with a raft of data indicating that the economy is creeping ahead, but at a far slower pace than in previous recoveries.

Officials said employment in non-agricultural sectors rose nearly 200,000 last month to 108.6m, one of the strongest gains in the past two years.

They also sharply revised *down estimates of job losses* in June – to a net decline of 60,000 rather than the 117,000 initially reported.

However, the headline figures overstated the economy's underlying strength. Nearly all the job growth was concen*trated in services and local* government. Service sector employment rose 110,000, with much of the gain in health and social services. Local government employment rose 90,000, with two-thirds of the increase reflecting increased federal funding for a summer youth jobs and training programme.

Employment in the goods-producing sectors was flat. Manufacturing employment held steady at 18.2m after a sharp decline in June. Construction employment fell slightly for the second month running.

The overall unemployment rate fell to 7.7 per cent compared with 7.8 per cent in June and about 5.5 per cent when the recession began two years ago. Teenage unemployment dropped to 21 per cent compared with 23.6 per cent in June.

Tens of thousands of workers marching through Athens yesterday in protest at the government's decision to cut 1,200 bus company jobs

Greek reshuffle paves way for austerity

By Kerin Hope in Athens and agencies

MR Michael Papaconstantinou, the Greek justice minister, yesterday took over as foreign minister in a cabinet reshuffle. For the past four months, Mr Constantine Mitsotakis, the prime minister, has been handling foreign affairs himself.

The prime minister also appointed his daughter, Mrs Dora Bakoyannis, as under-secretary to the premier's office with responsibility for co-ordinating government activity.

Mr Stefanos Manos, the econ*omy minister, was given the* Finance Ministry as well, in a move intended to speed economic reform.

In a first statement, Mr Manos announced a tough package of measures designed to increase revenues and bring the country in line with its European Community partners. He announced sharp tax increases on bank deposits and fuel and the abolition of Greece's 36 per cent value added tax.

"Parliament last week approved the Maastricht *treaty. We said yes to* Europe… the ticket for Maastricht must be paid now," Mr Manos said.

The ticket, he said, was an economic convergence plan designed to bring the country's economy in line with its 11 EC partners. The new measures will set the stage for the plan, to be submitted for parliamentary approval in October.

They include raising taxes on bank deposits from 10 to 15 per cent from September and a 33 per cent rise in fuel prices from today. VAT on raw mate*rials and industrial equipment* is to be raised, from 8 to 18 per cent, while the top rate of 36 per cent on items such as electronic consumer goods, tobacco and alcohol was abolished in line with new EC VAT levels. An 8 per cent VAT will also be added to water bills for the first time.

Mr Manos said the price increases were expected to bring in revenues of about Drs650bn (£1.8bn) in 1992. He said the price increases would halt the declining trend in inflation, which is currently around *15 per cent. The* government's target was 13.5 per cent for 1992.

● The Greek parliament yesterday passed a bill privatising the strike-bound state-owned Athens bus company.

The bill dissolved the Urban Transport Company (EAS) and gave its buses to a group of private owners. Some 6,000 EAS employees have been on strike for two weeks protesting against a decision to cut 1,200 jobs to reduce the company's debt.

Former Rothschild manager arrested

By Ian Rodger in Zurich

A FORMER senior manager of Rothschild Bank, the Swiss private banking subsidiary of N M Rothschild & Sons, has been *arrested in Zurich for* banking irregularities.

The Zurich public prosecutor, Mr Marco Ruggli, said the charges against Mr Jürg Heer, formerly in charge of the bank's credit department, involved several million Swiss francs.

Rothschild Bank announced last month it would need to transfer SFr63.5m (£25.22m) from hidden reserves to cover depreciation, provisions and loan losses which quadrupled *to SFr99.8m in the year ended* March 31, 1992.

Yesterday, a lawyer for the bank said that following the arrest Mr Heer had been dismissed. He also said there was no indication that Mr Heer's arrest would lead to any losses for the bank's clients, who tend to be wealthy individuals.

The lawyer said irregularities were discovered when the bank reviewed its credit exposure earlier this year. Private banks are not normally in the lending business, except as an occasional service to their clients, and then only on a fully secured basis.

Cases of inside irregularities in international private banking rarely come to light because banks fear that the publicity will hurt their image among their sensitive customers. Rothschild's lawyer emphasised that the good standing of the bank was unaffected by this case.

Paris Opera acts out off-stage drama

Lengthy union negotiations and an accidental death in the chorus have split management at L'Opéra de Paris, reports Alice Rawsthorn

A NEW crisis has erupted in the Paris opera world following the dramatic resignation of Mr Philippe Bélaval as director general of L'Opéra de Paris, after weeks of conflict with Mr Pierre Bergé, the controversial president.

The *immediate cause of* Mr Bélaval's resignation was last month's accident in Seville, when a set collapsed during an Opéra de Paris production of Verdi's Otello, killing one member of the chorus and injuring 30 others.

Mr Bélaval has since clashed with Mr Myung Whun Chung, artistic director and a protege of Mr Bergé, over who should bear responsibility for the tragedy.

The Seville disaster followed a tense period of industrial disputes at L'Opéra de Paris, which operates the opulent new Opéra Bastille, as well as the Opéra Comique and Palais Garnier. This tension came to a head late last month in a row between Mr Bélaval and Mr Bergé over the conduct of their long-running negotiations with the trade unions.

Mr Bergé, known as Pierre la Panthère because of his fiery temperament, made a fortune by founding Yves Saint Laurent, the famous French fashion house and is a close confidant of President François Mitterrand.

Mr Bélaval's resignation is the latest in a series of dramas to have hit L'Opéra de Paris in the four temptestuous years of his presidency.

Mr Bergé first hit the headlines at L'Opéra de Paris by firing Mr Daniel Barenboim, the world-renowned German conductor, as artistic director. There has since been the controversy over the two-year-old Opéra Bastille, the £70m showcase of the French government's ambitious arts investment programme.

President Mitterrand saw Opéra Bastille as a "people's opera" with a state-of-the-art auditorium and cheap seats.

But while the new opera has won praise for its productions, it has been burdened by the old L'Opéra de Paris union agreements resulting in intermittent strikes and high ticket prices.

Mr Bélaval has for the past 20 months been locked in negotiations with the unions to amend those agreements.

The original deadline for the negotiations was set for next Saturday, but last month Mr Bergé, to Mr Bélaval's fury, agreed to extend it until November.

Mr Bélaval resigned in a letter which was fiercely critical of L'Opéra de Paris' management.

Three other senior executives left last week amid rumours of more departures.

So far the crisis has not affected the programme, since the opera house has closed for the summer, but the Opéra Bastille may have to delay the premiere of Arthur Honegger's Marriage of Figaro which was intended to be its first production in the autumn.

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Japan upset at 'bribery' by Russian

By Gordon Cramb in Tokyo

THE JAPANESE and Russian governments maintained an embarrassed silence yesterday, amid allegations that Russia's third-ranking trade representative in Tokyo had fled, after police uncovered bribes made to a local trading company executive.

Japanese press and television reports said Mr Vladimir Davidov, vice trade representative at the Russian embassy, had sought to buy satellite equipment and sophisticated memory chips, in violation of Cocom regulations restricting sales by the west of high technology with security applications.

Attempts to procure 4-megabit D-Ram chips and a relay amplifier for a communications satellite were claimed to have continued into this year, after the break-up of the former Soviet Union.

The reports come at an awkward time for relations between the countries. Mr Mikhail Poltoranin, Russian deputy prime minister, has been in Japan this week preparing for a visit next month by President Boris Yeltsin, when the future of the Kurile islands off northern Japan will head the agenda. The islands were occupied by the Soviet Union at the end of the second world war.

They also coincided with the presentation to the cabinet yesterday of the Japan Defence Agency's annual report. Although acknowledging that the risk to Japan's security from the former Soviet bloc had been significantly reduced, it said arms cuts east of the Urals had not matched those deployed to the west, and military forces and hardware in the region closest to Japan had been upgraded.

Mr Davidov's unnamed Japanese contact was described as a 57-year-old executive of a Tokyo-based electronics sales company who was alleged to have received some Y1m (£4,100) cash from him. No merchandise was reportedly handed over, but the executive is said to face charges of accepting remuneration for undertaking illicit activity.

Mr Davidov, who had diplomatic immunity, returned to Russia in mid-May. The Japanese Foreign Ministry had no comment on reports that this was an immediate result of its conveying a police request to interview him.

The Russian embassy said that, while it would neither confirm nor deny the allegations, the emissary had finished his term in Japan and was now on "home leave" in Russia.

The US embassy said merely that it was aware of the case.

Japanese companies have periodically been in the spotlight for sales of technological equipment to unauthorised countries. Three executives of Japan Aviation Electronics Industry this week pleaded guilty in the US to the illegal transfer of jet parts to Iran.

China to open banking market in Guangdong

By Simon Holberton in Hong Kong and agencies

CHINA plans to open the banking market of the country's most prosperous province, Guangdong, to foreign banks, the Beijing-controlled China News Service (CNS) reported yesterday.

CNS said the People's Bank of China (PBC), the country's central bank, had decided to allow six foreign banks to set up branches in Guangzhou (Canton), Guangdong's capital.

Foreign banks may now operate only in special economic zones in the south and in Shanghai. They are not, however, permitted to raise deposits or lend in renminbi, China's national currency.

The six banks have not been named, but CNS said the Guangdong provincial branch of the central bank was completing the procedures for the approval. The decision was made at a recent branch meeting in the province, it said.

"PBC has said that financial supervision should be strengthened in Guangdong to allow financial markets to develop healthily," said CNS.

Guangdong provincial authorities have been lobbying the central government for some time to allow foreign banks to operate in the province. Guangdong is the richest region in China and it has been estimated that residents have unofficial US dollar holdings of more than $3bn (£1.5bn).

The long, hard road to peace in Mozambique

By Michael Holman in Johannesburg

TO suffer one war can be disastrous. To experience four in less than three decades accounts for the catastrophe that is Mozambique.

But if this week's peace accord – a belated consequence of the complex peace process under way in southern Africa – is put into effect, recovery can at last begin. Behind it lie the end of superpower rivalry and the proxy battles it led to, and the South African government's decision to negotiate a post-apartheid constitution.

For Mozambique, however, the benefits have been a long time coming, and its tribulations go back many years.

The guerrilla campaign that won independence from Portugal in 1975 proved a pyrrhic victory, triggering an exodus of hundreds of thousands of whites, many of whom sabotaged what they were forced to leave behind, leaving the country bereft of skills.

Ill equipped for independence after centuries of Portuguese misrule, Mozambique's plight deepened when it took the part of rebels in the conflict in neighbouring Rhodesia.

Rhodesian retaliation took two forms: attacking guerrilla bases and economic targets such as power stations and bridges, and creating Renamo, the rebel group led by Mr Afonso Dhlakama, co-signatory to yesterday's agreement.

Rhodesia's emergence as independent Zimbabwe in 1980 brought no respite. South Africa took over its role as the backer of Renamo, training and supplying a loosely organised army of local war lords, renegades and defectors from the ruling Frelimo party.

By then Mozambique was playing a frontline role once more, providing a secure base for the military wing of the African National Congress (ANC) of South Africa.

But by 1984, enervated by civil conflict and Pretoria's attacks, Mozambique submitted to her powerful neighbour. In May 1984 the late President Samora Machel and the then South African president, Mr P.W. Botha, signed the Nkomati non-aggression pact.

Unconsulted and unprepared, the ANC was bundled out of Mozambique. In return, South African assistance to Renamo was to end.

It never did. Covert aid to the rebels continued at least until President F.W. de Klerk took office in South Africa in 1989, and there is some doubt whether it ended then.

The seeds of Renamo were the black soldiers who had served Portugal's cause in the run-up to independence, many of whom took sanctuary in Rhodesia. But they fell on fertile ground. Popular at first, Frelimo steadily alienated many of its supporters, by mismanagement of the economy, its authoritarian style, or by ignoring or overriding the wishes of traditional community leaders.

Renamo, tutored by US and South African advisers, refined its ideology, portraying itself as a movement that stood for multiparty democracy and a market economy.

And although it is renowned for its brutality, in recent years its claim to grass-roots support has gained credibility. But whoever wins the promised elections that lie ahead will inherit an impoverished nation deeply scarred by war.

S Africa probes state role in activist's death

A South African prosecutor said yesterday he was examining new evidence of a state role in the 1985 killing of prominent black activist Matthew Goniwe.

Mr Michael Hodgen said a special police team interviewed unidentified witnesses provided by newspapers including Johannesburg's Weekly Mail, Reuter reports from Cape town.

"Our police investigations team... is evaluating the allegations made. It is premature to prejudge what the result of the investigation will be," Mr Hodgen said.

The Weekly Mail said it had submitted evidence including the names of state hit-squad members responsible for the murder of Goniwe and colleagues on a remote highway north of Port Elizabeth.

Goniwe was among a handful of black leaders who helped to launch a nationwide uprising against white minority rule.

The New Nation newspaper published an alleged death warrant earlier this year signed by a senior police officer and ordering that Goniwe be "permanently removed from society".

President F.W. de Klerk ordered Mr Hodgen to reopen inquiries into Goniwe's killing, which had been dismissed by an earlier inquest as murder "by persons unknown".

The Weekly Mail said its evidence pointed to the now disbanded Civil Co-operation Bureau, a secret army unit formed to counter opposition abroad but also deployed to discredit domestic opponents of apartheid, including Archbishop Desmond Tutu.

Johannesburg's Sowetan newspaper said Mr Hodgen had uncovered documents placing former law and order minister Adriaan Vlok, now the minister responsible for prisons, at a State Security Council meeting debating Goniwe's fate days before he died.

Old clan rivalries fuel bloodshed in Somalia

Julian Ozanne reports from a land of mistrust and blood feud now threatened with widespread famine

BITTER clan rivalries, the divisive legacy of a brutal dictator, and a fiercely individualistic culture of suspicion and revenge have fuelled Somalia's disintegration into bloodshed, famine and horror.

The country has fragmented into fiefdoms controlled by feuding clans and has ceased to exist as a nation state.

Many Somalis cannot explain the civil war between clan-families who share the same language and religion. Most, however, blame Gen Mohamed Siad Barre, the cold war gladiator who ruled Somalia ruthlessly for 21 years. They also blame Moscow and Washington, who supported his repressive rule with military and economic aid as they played cold war politics by proxy on the continent.

Barre destroyed all the political and civic institutions in Somalia. Terror and fear became widespread as security agencies meted out arbitrary and brutal punishment. Barre also favoured his family and his Marehan clan with power and wealth and crushed any dissent from Somalia's other clans.

The other clans, a complex, genealogically based social structure which evolved historically from family groups, soon began to see violent rebellion as the only way to seek a share of power and wealth.

An attempted coup led by officers from the Mijeerteen clan was brutally repressed by Barre in 1978. The Mijeerteen suffered horrifying reprisals and a year later became the first clan to desert Barre and go into insurrection. They set up the Somali Salvation Democratic Front, a clan-based movement which today controls the north-east.

Over the next decade other clans followed into armed rebellion. The northern Isak clan formed the Somali National Movement, the Ogadeni formed the Somali Patriotic Movement, and the Hawiye, who dominate Mogadishu and central Somalia, formed the United Somali Congress (USC). Each controls a piece of what was once Somalia.

Moscow first and then Washington sat by as the country disintegrated, continuing to pour arms and ammunition into Somalia, then considered a strategic piece of "real estate" on the cold war chessboard because of its Red Sea port at Berbera and its position in the Horn of Africa. Recent estimates suggest 180,000 Somalis are armed today and there is enough ammunition left over from arms stockpiling to last another 20 years.

Mohamed Siad Barre: cold war gladiator

As long as the east-west conflict endured, Barre contained the mounting clan-based rebellions with increasing human rights atrocities. However, as his support from abroad ended after the cold war, his fragile power base was exposed and the oppressed clans stepped up their rebellion.

When Barre shot his way out of the capital in January 1991 after a victorious assault by the USC, Somalia lay divided and in ruins. Barre took most of his Marehan clan with him and continued fighting in southern Somalia by forming the Somali National Front.

All the clan-based armed movements have split into mutually antagonistic groups. The most destructive of these splits has been in the Hawiye-based USC which controlled Mogadishu. The Abgal under Ali Mahdi Mohamed now control the north of the city and the Habir Gidir under Gen Mohamed Farrar Aideed control the south.

It is difficult to explain why the two sub-clans, who are the most closely related in Somalia, have followed the warlords who lead them. Somalis say there have always been clan disputes. These were traditionally contained by the absence of modern weapons.

They also say Somali culture is steeped in revenge, which has exacerbated the violence. A well known Somali saying sums it up: "My clan against the enemy, my family against the clan, my brother and I against the family, me against my brother."

Aid workers, seeking to get food to 1.5m Somalis on the brink of starvation, are now trying to pick their way through this violent climate of mistrust and blood feuding.

NEWS: UK

Mortgage lenders defend checks on solicitors

By Robert Rice and David Barchard

MORTGAGE LENDERS yesterday defended the imposition of new controls on solicitors that are intended to try to stem the rise in mortgage fraud.

The controls are part of a concerted move supported by the Council of Mortgage Lenders – but they have produced a storm of complaints to the Law Society, the solicitors' governing body. Solicitors are particularly angry about terms announced by Abbey National this week.

From September, solicitors and licensed conveyancers handling Abbey National mortgage work will have to agree to give the bank the right to inspect case files and monitor the way work is carried out. If they do not agree to the terms they will be struck off its panel of approved conveyancers.

Mr Andrew Lockley, head of the Law Society's legal practice directorate, said solicitors were concerned about client confidentiality and a condition requiring them to guarantee identities of mortgage borrowers.

Abbey National said yesterday that it had had a favourable response to its letter, sent to 16,000 solicitors. "Mortgage fraud is not a massive problem, but there has been a spate of cases recently," it said. "What we are seeking from solicitors is really only a safety net which formalises existing arrangements."

Woolwich, the third-largest building society, announced plans yesterday to follow Abbey National by writing to solicitors on its panel telling them they must be prepared to hand over some details about customers. Nationwide, the second-largest society, said it had not yet decided on which course to follow.

Mr Lockley said the Law Society was concerned about a letter sent this week by Mr Christopher Jowett, group solicitor for Halifax, the largest society. It warned members of its conveyancing panel that if the profession caps compensation payments to financial institutions for fraud by rogue solicitors, Halifax may impose a levy and more rigorous criteria for membership of its conveyancing panel. The profession is considering capping the compensation among other proposals to meet a big increase in fraud claims. Solicitors already face a special levy of £1,000 each this autumn to top up the Law Society's compensation fund by £30m.

Halifax denied that it was attempting to put pressure on solicitors not to cap the compensation fund. It said solicitors stole more than £1m from the society last year; if the level of compensation fund protection was limited, the society would have to take other steps to protect itself and limit its losses.

The exact level of mortgage fraud in England and Wales is not known. Last year a study by Liverpool University said police forces were investigating more than 1,000 cases involving £500m. The Metropolitan Police has estimated the present level of mortgage fraud at more than £1bn. Last year, Mr Michael Learmonth, a solicitor from Mill Hill, north London, was convicted of defrauding 19 building societies and banks out of £3.79m.

Arrests in share forgery inquiry

THE Metropolitan Police said yesterday that two men had been arrested in connection with an investigation into the alleged use of forged share certificates, Norma Cohen writes.

The two men, who have not been identified, were arrested at Hampstead in north London and released on police bail. They have not been charged.

Police sources said the investigation may lead to a wider inquiry into a share certificate forgery ring with national and international connections.

Yesterday, the Stock Exchange said that it had uncovered a number of forged share certificates of Royal Insurance and that a police inquiry was in progress.

Those wishing to confirm the authenticity of Royal Insurance certificates are advised to contact Lloyds Bank, registrar for the certificates.

Strikes halt seven BA flights

SEVEN British Airways flights to European destinations were cancelled yesterday after cabin-crew members of the TGWU general union held lightning strikes at Manchester and Birmingham airports.

BA said that all passengers affected by the two-hour early-morning stoppages were accommodated on other services. There had been some delays.

The TGWU regretted any inconvenience to passengers and said the action followed the breakdown late on Wednesday night of talks over new pay and conditions. BA denied that the talks had broken down and said they had been adjourned indefinitely.

Yesterday's action means that the union has another 28 days in which members can lawfully strike. The union's legal right to strike had been due to lapse next Tuesday.

The dispute arose over BA's attempt to improve the profitability of its European and domestic services by reorganising them in a subsidiary company, BA Regional.

The reorganisation meant new terms and conditions for staff, including 1,000 cabin crew who face pay cuts of about £2,000 a year on salaries of £14,000.

Building society investigation

EXECUTIVES at Portman, the country's 15th-largest building society, were yesterday trying to discover how a 60-foot computer printout of its mortgage customers was found by the roadside in Bournemouth, Dorset, after it had been sent for shredding.

Portman said yesterday: "We have been unable to find anything amiss with our confidential waste disposal unit and its procedures."

It wanted to know how the list, which contained names, addresses, and account details of more than 1,000 of its 80,000 mortgage customers, had come into the possession of a local newspaper and why the document had not been returned directly to it.

Portman said the list was a computer report which had been produced unnecessarily and should have been destroyed immediately.

The Data Protection Registrar is investigating to see if guidelines laid down to protect computer information were followed.

Welcome for Sunday shopping

SUNDAY shopping is gaining widespread acceptance in England and Wales, with two thirds of consumers believing it to be a "good idea", according to a poll by Nielsen, the market research company.

DIY stores have proved the most popular on Sundays with more than 70 per cent of interviewees saying they had made use of them.

Nielsen also found evidence that Sunday supermarket opening might have spread business more evenly over seven days.

The poll was based on 1,019 telephone interviews conducted at the end of July and the beginning of August.

Civilian posts save RUC £22m

THE Royal Ulster Constabulary has saved more than £22m by recruiting civilians to free trained officers for operational duties, the National Audit Office said. It suggested that the number of civilian employees would reach 561 by 1995, saving up to £44m.

Building society cuts rate on savings

By Philip Coggan, Personal Finance Editor

NATIONWIDE, the UK's second-largest building society, has announced cuts to its savings rates, after the reduction in National Savings returns announced earlier this week.

The society is cutting gross rates by about 0.4 of a percentage point, with effect from August 15. Net rates on its CashBuilder account, for example, range from 3.38 per cent on £1-£499 to 6.6 per cent on £25,000 plus.

Building societies have complained about the competition offered by National Savings. They have argued that, if their margins are squeezed on the savings side, they may have to compensate by increasing the mortgage rate, thereby exacerbating troubles in the housing market. The societies have therefore welcomed the recent cuts in National Savings rates.

The new rates from Nationwide are generally below the 7.5 per cent net available on two of the main National Savings products.

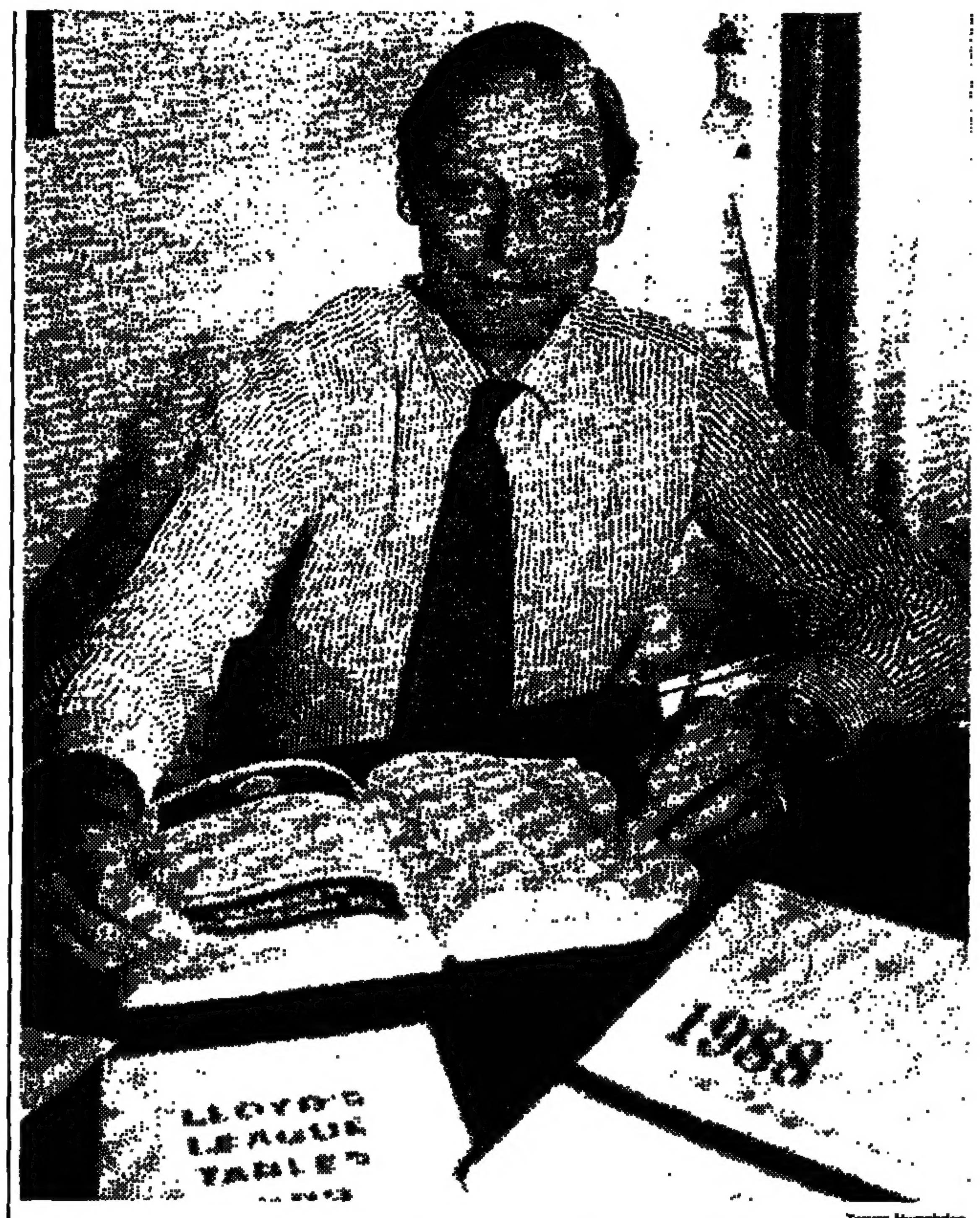
However, Mr John Hutchinson, Nationwide's corporate strategy director, said: "We believe that our new savings rates will be both competitive and realistic."

He warned that if competition forced Nationwide to increase its rates again, the society would be forced to raise mortgage rates in tandem.

● Mr John Redwood, inner cities minister, said yesterday that he had asked each of the 11 English urban development corporations to sell land for inexpensive housing.

"Many house builders have spurned the opportunity of building in the inner cities," he said. "They thought they knew better, paying extravagant prices for 'greenfield' sites beyond the suburbs in the late 1980s."

He added: "Many home builders have gone bust or are now in dire financial straits for trusting to conventional wisdom."



Trevor Humphries

Charles Sturge: says he believes the Lloyd's venture is designed to "stuff" Chatset's League Tables

Lloyd's joins battle on its vital statistics

Richard Lapper reports on how Chatset faces competition for the first time

THE DECISION by Lloyd's of London to publish annual syndicate statistics for the first time in its 306-year history has caused some consternation.

The decision, announced on Thursday, brings Lloyd's into direct competition with Chatset, a small specialist publishing company. Its own compendium of statistics, Lloyd's League Tables, had been regarded as the most comprehensive available for the 22,000 Names, the individuals who provide the market's capital.

Mr Charles Sturge and Mr John Rew, Chatset's founders and editors, have become increasingly outspoken critics of the Lloyd's establishment and their supporters suggest that the move is deliberately designed to spike their guns.

Mr Sturge says the new Lloyd's venture is designed to "stuff" Chatset, which derives most of its revenues from sales of about 2,000 copies of League Tables each year.

Since its publication in 1981, the annual 400-page compendium of statistics has become to Lloyd's what Wisden is to cricket. League Tables are painstakingly prepared from dozens of syndicate reports.

The new publication, called Limelight, draws directly on the considerable resources of the Lloyd's Corporation, the body that provides back-up services to the market.

Lloyd's says that the new venture is "absolutely commercial". It aims to sell 3,000 copies this year and looks well placed to eat into Chatset's market share. Not only is Limelight, a hefty 600-page manual, £22 cheaper than League Tables at £52, it also contains more information.

Worse still, the market is declining as the number of Names falls – and there is more competition round the corner. Next week, the Association of Lloyd's Members, which represents more than 9,000 Names, is set to launch a much improved version of its own syndicate guides. Members of the association will receive the guides, which are based on statistical work carried out by Financial Intelligence & Research, a management information services company, free as part of their annual £90 subscription.

Ironically, it is precisely the success of League Tables that has paved the way for Chatset's difficulties. Mr Sturge and Mr Rew have been pioneers in promoting the climate of greater openness at Lloyd's that has led directly to the an increase in competition.

Until the 1980s, the operation of syndicates – into which Names are grouped – was shrouded in secrecy. Names could obtain the results of their own syndicates. But Mr Sturge, who worked as an underwriter, recalls: "You could never find out how other syndicates had peformed. It was strictly not allowed to swap reports. They were considered confidential documents."

Chatset's supporters say Lloyd's has been stung by criticism to compete and angered by Chatset's support for disaffected Names, who have borne the brunt of recent losses at the market, and by the pessimism of its recent forecasts.

Mr Oliver Carruthers, who edits a monthly newsletter, Digest of Lloyd's News, and helps compile the League Tables, says the move by Lloyd's is a "spoiling tactic".

Chatset's critics, on the other hand, say that its high profile has been artificial and that the views of its editors have been unduly influenced by the large losses they have sustained themselves.

Yesterday Mr Sturge was phlegmatic. Readers will still want Chatset's pithy commentaries on market and syndicate prospects, he believes. "We've got to hope that brand loyalty wins the day. The future is a bit worrying. But you have to wonder whether there will be a Lloyd's next year, let alone a Chatset or a Limelight."

Savings restore training centre

By Lisa Wood, Labour Staff

POSTING mail second class and making telephone calls after 1pm have helped a structural engineering company to reopen its training centre for apprentices.

Cleveland Structural Engineering, a subsidiary of Trafalgar House, the conglomerate, closed its craft and technician training centre in 1990 while reducing overheads.

At the time the company, based in Darlington, County Durham, cut its workforce from 1,200 to 650. Now fears over skills shortages in the industry – which fabricates and erects structural steelwork, such as for the new Dartford bridge across the river Thames – have led the company to reopen the centre and resurrect a traditional four-year apprenticeship scheme.

Last month 28 craft apprentices and seven trainee technicians started one-year training off the job. They are soon to be joined by 12 other trainees who are not employed by Cleveland but whose training is to be fully funded by Durham Training and Enterprise Council.

A substantial amount of the £210,000 annual running cost has been raised by cost-saving measures such as posting all but very urgent mail second class, using telephones in the cheaper period after 1pm and freezing the replacement of company cars.

Mr Jeremy Beeton, managing director, said: "Training is one of the very few areas of our business on which expenditure will be increased next year. Without good quality tradesmen, this industry will not survive.

"Because of the serious financial problems of the structural steel industry, training has been almost totally sacrificed but we cannot afford to neglect it. Even now, it is difficult to recruit a skilled tradesman who knows how to weld or cut steel."

Ford to lift car prices by 1.8% this month

By Kevin Done

FORD, the UK new car market leader, is raising the prices of its cars and commercial vehicles by 1.8 per cent with effect from August 17.

In spite of the continuing weakness of UK new car sales, Ford is following its traditional ploy of raising prices in mid August to stimulate orders in the first half of the month.

The company said last night that the increases would not affect remaining stocks of cars not fitted with catalytic converters, which become mandatory from the end of the year.

Ford last raised prices in January, by an average of 3.7 per cent across the range. It was forced to cut prices of some models in March in an attempt to stimulate sales.

In the first seven months of the year, its registrations have fallen 11.7 per cent, compared with an overall fall in UK new car sales of 4.3 per cent.

LAND TRAVEL COLLAPSE

Customers vent their anger on Tjolle

MR VALERE TJOLLE, chairman of the Land Travel coach company, went to the Unicorn Hotel in Bristol yesterday to face the people whose holidays he had ruined and his colleagues in the travel industry whose fingers he had allegedly burned.

If the gaunt and drawn-looking Mr Tjolle expected to be given credit for his courage in turning up, he was immediately disappointed. The hundreds of creditors present, many elderly, were in an angry mood which turned uglier as details emerged of the £400,000 of company funds paid into Mr Tjolle's bank account.

The procession to the microphone of aggrieved customers and suppliers included several who called, to cheers, for Mr Tjolle to be locked up.

Mr Robert Buller, of liquidators Grant Thornton, found himself the target of some of the hostility, particularly when he suggested that television cameras should be excluded from the meeting.

His warning to creditors that they risked being sued if defamatory statements were captured on camera was greeted with cries of "What a bloody cheek!" The cameras were allowed in.

Mr Tjolle, pale and dressed in a dark suit, told creditors Land Travel had carried more than 1m travellers and had given them a "very, very good time".

He added: "Land Travel was a very creative travel company and had an enormous amount of devoted support from its staff, its customers and suppliers almost up until the end."

His voice close to breaking, Mr Tjolle said: "So far as I'm concerned this is a very sad time. Our staff have lost their jobs, our customers have lost their holidays and our suppliers have lost their money. I personally feel that I have let you all down."

As Mr Tjolle, who filed for personal bankruptcy last Thursday, refused to answer any questions on the advice of his solicitor, the meeting at times came close to anarchy. Mr Tjolle sat impassive as creditors threw a jug of water and papers at him.

Mrs Glenys Dwyer, of Bristol, said she had paid Land Travel £3,000 to take 47 deaf people to Paris, a trip that never took place. Speaking through a sign-language interpreter Mrs Dwyer, who is deaf, repeated a complaint by many creditors who said they had been pressed into making payments to the company in the weeks before it collapsed.

Mr Leon Sarkis, general manager of Monde Sans Frontière, a Paris-based travel company, said Land Travel owed him £250,000.

Mr Sarkis said that on one occasion he had lent FFr230,000 in cash to the company to enable it to buy tickets to the Euro-Disney resort. He said he had been told the company could not get any cash as the banks were closed because it was a Saturday. He said the money had not been returned.

Mr Buller gave the meeting details of financial transactions between Mr Tjolle and the Granada Group, which owned Land Travel between 1987 and 1990.

When Mr Tjolle bought the company from Granada he obtained its £2.2m loan to Land Travel for a consideration of £1. He converted it into loans to Land Travel from himself, £2m of which was long-term, repayable in 1996, and £200,000 of which was short-term.

In the years after Mr Tjolle purchased Land Travel from Granada it made heavy losses. They totalled £1.8m in 1990-91 and £2.7m in 1991-92.

Mr Buller said that Mr Tjolle appeared to have received the £400,000 in the period before that stipulated in the loan he purchased from Granada and in preference to the general body of Land Travel creditors.

Michael Skapinker

OVERCAPACITY IN the summer travel market will restrict holiday company profits, but bookings for winter holidays are 12 per cent ahead of the level at this time last year, a report by Lunn Poly, the travel agent, said yesterday.

It said companies had overestimated summer demand, leading to discounting and a probable fall in profits. "The anticipated post-election boom did not happen and late sales were slower than expected. Discounting will continue to a lesser extent for the remainder of the season."

It said more than 7m people would take an overseas package holiday this summer – up 15 per cent from last year and up 6 per cent from 1990. Self-catering holidays accounted for 40 per cent of summer packages.

Lunn Poly said total industry sales for the 1992-93 winter season were currently 12 per cent ahead of last year. It added that last winter had matched the record winter season of 1988-89 with just less than 1.9m taking a winter break.

Tenerife and Florida were the most popular 1992-93 winter destinations.

Strike shuts Companies House head office

By Andrew Jack

THE NATIONAL headquarters of Companies House, the government's company information agency based in Cardiff, was closed yesterday by a one-day strike by several hundred employees.

The action followed an announcement last month by Mr David Durham, chief executive, that the agency would reduce its 1,150-strong workforce by between 70 and 80 this year in an effort to save £3m. Mr Kieron Hill, National Union of Civil and Public Servants officer for Wales, said about 150 staff picketed the agency.

"We don't want to destroy Companies House but we took this action to show our lack of confidence in the chief executive and the fact that there is strong feeling over the cuts," he said.

Mr Jeff Evans, regional officer of the Civil and Public Services Association, said: "Senior management of Companies House do not have the confidence of staff. Staff will have to be convinced that the chief executive has the best interests of the agency at heart."

Members of the two unions voted by 341 votes to 111 to hold a one-day strike in a ballot in which 65 per cent voted.

The other regional offices of Companies House remained open during the day, but services requiring contact with the Cardiff office were severely curtailed.

Mr Durham said cost-cutting was necessary to meet financial objectives set down by ministers at a time when Companies House was experiencing weak demand for its services.

He added that an anticipated upturn in the workload this year had not materialised.

However, Mr Hill said that work had started to increase again since May and that there was also a substantial backlog of work.

"If there is a recovery, obviously having the staff to meet the services is important," he added.

Three jailed for pension funds fraud

By Raymond Hughes, Law Courts Correspondent

THREE MEN were jailed for between two and four years yesterday for conspiring to defraud pension funds of the engineering company Aveling Barford of £6.7m.

Aveling Barford, of Grantham, Lincolnshire, went into liquidation in 1988. Its assets were subsequently acquired by Mr Duncan Wordsworth, who is chairman and managing director of the company which now trades as Aveling Barford (Machines).

Sentencing the men at Birmingham Crown Court, Judge Clive Tayler QC said their extremely serious offences had been committed with a cynical disregard for the interests of the funds' trustees and beneficiaries.

The case demonstrated a degree of commercial amorality deserving the utmost condemnation, the judge said. He added that he hoped steps had been, or would be, taken to give greater protection to pension funds.

The judge said he took into account the fact that two men who had played leading roles in the fraud – Dr Lee Kin Tat, a Singapore businessman, and Mr Adrian Eschallier, a US lawyer – had not been brought to trial, and that in the end the pension funds had not lost any money.

Also there had been evidence suggesting that there might have been a surplus in the funds from which the convicted men might have believed Aveling Barford was entitled to benefit.

Sentencing Mr Robin Chapman, who was Aveling Barford's solicitor, to a total of four years on two conspiracy charges, the judge said he had orchestrated the fraud and received payments of more than £90,000.

Mr Graham Severn, a former director of Mildminster, a financial adviser, who had been "an essential participant in the conspiracy", was sentenced to three years for conspiracy and the theft of £424,525.

Mr David Carter, convicted on one conspiracy charge, had been a trustee director and a trusted adviser on whom the honest trustees had relied, the judge said, jailing him for two years.

The outcome of the 4½-month trial will be a welcome boost to the morale of the Serious Fraud Office, which has recently been strongly criticised, notably for its handling of the Blue Arrow prosecution.

The central allegation was that £6.7m had been taken from the pension funds and was used as capital for the company and to pay commissions.

Aveling Barford, formerly a subsidiary of British Leyland, was sold in 1983 to a company controlled by Dr Lee and Mr Eschallier.

In 1986 it was lent £1m by the pension funds by means of a fraud on the honest trustees.

In 1987-88 a further £5.7m was removed and reinvested through Mildminster in a Royal Heritage Life Assurance pension portfolio.

After the fraud came to light, Royal Heritage repaid the £5.7m.

The SFO alleged that the purpose of the reinvestment had been to create large commissions to be invested and used as security for bank loans to Aveling Barford.

The fraud was uncovered in late 1988 when Standard Chartered, Aveling Barford's bank, put in administrative receivers. It also emerged that the company had had considerable liquidity shortfalls between 1983 and 1988 and was owed very large sums by Aveling Barford (World Trade), an international holding company set up by Dr Lee and Mr Eschallier.

Tackling blight in the garden of England

Depressed east Kent is perceived as part of the prosperous south-east, Richard Evans writes

THE abandoned colliery buildings, unoccupied factories and dole queues could be anywhere in the industrial north or the Midlands during the last recession, a decade ago. But this is east Kent and it is 1992.

A drive around the Isle of Sheppey, the stranded pit villages and the down-at-heel resort towns of the north Kent coast can be depressing on the sunniest of days. Unemployment is running at more than 16 per cent on Sheppey and more than 13 per cent in Thanet, compared with an average of 9.2 per cent in south-east England – and it shows.

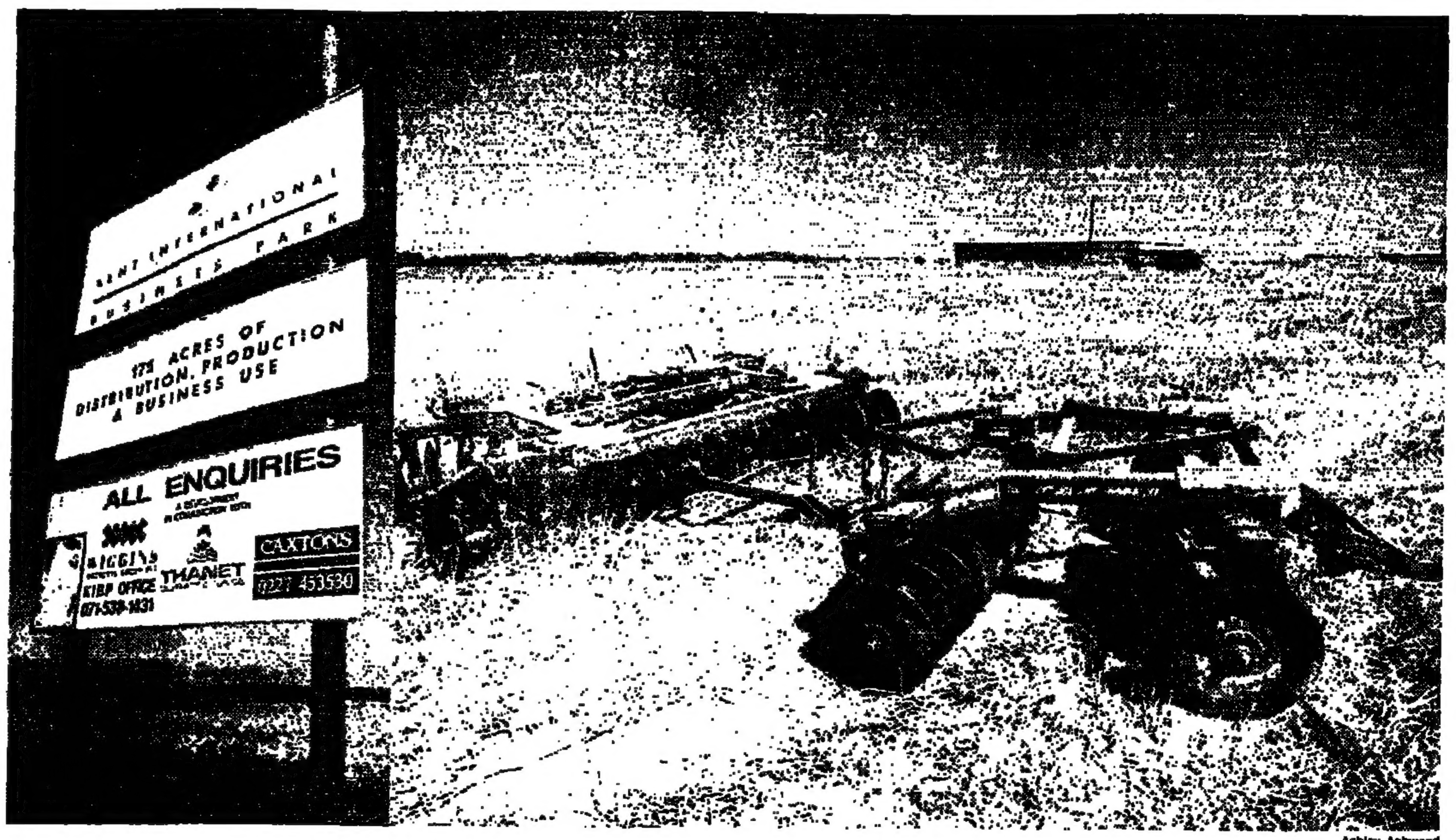
There is a record number of house repossessions as people who moved out of London to cheaper accommodation find themselves without jobs and in trouble keeping up mortgage payments. Virtually every car in the industrial parts of Sheppey lacks the prefix-letter registration introduced more than nine years ago.

It is difficult to believe that the area is only 70 miles or so from London and, in theory, part of the affluent south-east.

East Kent, although beautiful and well-heeled in parts, has many of the troubles of the industrial north – but because of its position it is not placed in the same category. It is seen as part of prosperous Kent, and that perception is hard to shift.

That might be about to change, with the start of fierce lobbying by councils and businesses for assisted-area status for local blackspots. That would provide investment funds to help stem the unemployment that is set to get worse. A decision is expected by the end of the year.

In addition to long-term unemployment caused by the contraction or demise of traditional industries such as engineering, papermaking and coal mining, the area faces structural change from the opening of the Channel tunnel and the introduction of the single European market. A study last year on the impact of the tunnel on jobs forecast a net gain for Kent, but argued that the jobs were likely to occur mainly outside east Kent, and later than the big job losses expected over the next few years.



Ashley Ashwood

An open field: the Kent International Business Park at Manston, where one tenant is surrounded by fields of hay and cabbages rather than by other factories

Among the first jobs to go will be 500 Customs and Excise officers and 600 Customs agents, mainly in Dover, Folkestone and Sheerness.

The economic handicaps are spread across east Kent, and not just the area adjacent to Dover, Folkestone and the tunnel. North of the corridor of potential prosperity the tunnel might bring lies the district of Swale, which includes Sheppey and Sittingbourne, and Thanet, with endemic employment shortfalls in the faded glories of Margate, Herne Bay, Whitstable and Broadstairs. Many small hotels and boarding houses are now occupied by social security clients rather than holidaymakers.

Among the few pockets of affluence are Canterbury, with its strengths in tourism and as a regional shopping centre, and Ashford, which still expects the Channel tunnel international rail passenger station to become a magnet for jobs.

The six local authorities have joined Kent County Council, four government departments, and 12 private-sector representatives to fight for more help and recognition. They have launched East Kent Initiative under the chairmanship of Sir Alastair Morton, chief executive of Eurotunnel.

Mr Martin Hemingway, seconded from Eurotunnel to be the initiative's general manager, says: "We have got to get more inward investment, but this is very difficult with the present infrastructure problems. That is where we really need help."

A lot is already being done to improve roads, particularly the M20 from London to Folkestone and the tunnel terminus. However, a big blow to the area's hopes came this week when the government rejected a £500m development plan for the Isle of Sheppey, including a new road and tunnel.

Sheppey is the worst blackspot of all, with regeneration hampered by the bottleneck of a narrow access road and a lifting bridge over the River Swale. The bridge closes for an average of five minutes an hour to let boats through, leading to hold-ups for the 22,000 vehicles a day that cross it and difficulties for Olau Line, which runs a ferry service from Sheerness to the Netherlands.

The development plan, which also proposed substantial expansion at Sheerness, the fifth-largest freight port in the country, and the construction of factories and more upmarket houses, was turned down largely on environmental and conservation grounds. The decision left many local people depressed and frustrated.

Mr Bill Croydon, chief executive of Swale District Council, says the authority felt that the benefits of the plan far outweighed the penalties, and were vital for the prosperity of the island. "This shows there can be a penalty from putting green issues at the top of the agenda, and the government must help to deal with the problems this policy creates."

The rail network, however, is a much bigger handicap than the roads. The Kent coast service is one of the most notorious in the country, with old rolling stock and poor timekeeping. Prospective investors are usually asked to travel by road to prevent them getting too negative an impression. It takes an hour and 50 minutes from London to Ramsgate, compared with well under half that time for the same distance from Peterborough.

With better infrastructure, improvements could be rapid. Two potential development sites are the White Cliffs Business Park at Dover and the Kent International Business Park at Manston.

Just one company, Cohline, a German motor components manufacturer, has moved in at Manston. It is surrounded by fields of hay and cabbages rather than other factories, but the operation has been so successful that expansion is planned.

For much more to happen, Mr Hemingway says, government help is essential. "Money is available ... either for inner cities or for underpopulated rural areas," he said. "But there is nothing in between ... that's our problem."

Dorrell on offensive over economy

By Ivo Dawnay, Political Correspondent

THE government went on the offensive over the economy yesterday in contrasting devaluers who "hanker after a quick fix" with supporters of sound money, low inflation and sustainable growth rates.

A speech by Mr Stephen Dorrell, financial secretary to the Treasury, suggested that criticism of the government voiced by businessmen this week has rattled ministers.

Last month Treasury officials indicated that comments from Mr Norman Lamont, the chancellor, insisting there would be no change in strategy, were the government's last word on the economy.

The wide distribution of Mr Dorrell's speech to his Loughborough constituency signals that the government now believes more must be done to counter the growing lobby for devaluation or sterling's removal from the European exchange rate mechanism.

Making the case that low inflation would generate confidence, Mr Dorrell said that sound money helped savers, allowed businessmen to plan ahead and meant release from the "debilitating cycle of stop, go, boom and bust". He added: "The alternatives pressed upon us, such as devaluation or leaving the ERM, would wreck that framework and undermine confidence in the future of the British economy."

He argued that countries that had tried devaluation found confidence in their anti-inflation policy collapsed. "The end result ... is higher inflation or higher interest rates or both," Mr Dorrell said, adding that even outside the ERM the UK could not escape its influence.

Citing confidence as the key to economic revival, he said that since joining the ERM in 1990, a typical family on average earnings with a £30,000 mortgage has seen its real disposable income rise by 18.5 per cent or £35 a week.

Travellers face benefits curb

By David Owen

THE GOVERNMENT is to clamp down on unemployed income support claimants who do not actively look for work, in a move intended to curb abuse by so-called "new age" travellers.

Mr Nicholas Scott, social security minister, said yesterday that he intended to stop lower-rate "hardship" payments of income support to most single people and childless couples unless they were actively looking for work.

Many of those who flouted the rules were "quite happy" to rely on the hardship payments and showed "no interest" in advice on how they could find work.

Labour accused the government of using the "new age" issue as a cover for a change that would apply to all claimants.

Mr Donald Dewar, shadow social security secretary, said the change would "leave those affected with no income whatsoever". He added: "It cannot be right to withdraw benefit without warning and leave people with no income at all."

Third Guinness trial postponed

By John Mason

THE TRIAL of Mr Thomas Ward, the US lawyer and former non-executive director of Guinness, has been delayed until January 11 next year.

The trial was due to start at the Old Bailey in October. However, the judge, Mr Justice Turner, agreed to the postponement to allow Mr Ward more time to prepare his defence. Mr Ward faces charges of theft of £5.2m and false accounting in connection with the £2.7bn Guinness bid for Distillers.

The trial will mark the end of prosecutions in the Guinness affair. However, Lord Spens, a former corporate finance director at Henry Ansbacher, the merchant bank, has been granted a judicial review, set for November, of the decision at the second Guinness trial not to acquit him nor award him costs.

That followed the Serious Fraud Office's decision not to proceed against Lord Spens after the collapse of the trial due to the mental strain placed upon his co-defendant, Mr Roger Seelig, a former Morgan Grenfell corporate financier.

Premier League agonises over its leading player

By Gary Mead, Marketing Correspondent

THE Premier League, the new division for the top 22 English football clubs, is poised to kick off its first season without signing one of its biggest players – its commercial sponsor.

A meeting of the clubs this week failed to agree on a proposed £9m sponsorship deal with Bass, the brewer, or a similar one from Ford, the motor manufacturer.

Some clubs are thought to have opposed the Bass offer because of fears that it might jeopardise their own deals with other brewers. Ford's offer might have caused difficulties for Coventry City, which is sponsored by Peugeot. Some are also concerned that their financial independence may be at risk if the league controls marketing.

The main bar to a deal appears to be the unwillingness of some clubs to surrender control over advertising hoardings at their grounds. Some clubs apparently believe they can sell advertising space in their own grounds at a higher rate than the league.

Last year, the clubs in the English First Division – the Premier League's predecessor – received about £11m from league television deals and sponsorship. In the Premier League this season they expect to get some £45m.

The wrangle over sponsorship is the latest disagreement to mar the launch of the new league, designed to concentrate England's richest and most talented clubs in a "super league". But its membership is little different from that of the old First Division; promises of new investment have been slow to emerge; and, under the terms of a deal with the BBC and satellite broadcaster BSkyB – in which Pearson, owner of the Financial Times, has a significant stake – live football from the league will be available only to those with satellite TV.

Mr Rick Parry, league chief executive, said the situation was "very disappointing". The sponsorship offers showed that "even in these tough times there are companies which have faith in football".

That faith may evaporate if clubs cannot begin to play the sponsorship game – sacrificing individual interests for the sake of profits for all.

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Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

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Major's crisis of confidence

THE LONDON stock market's Duke of York march last week, which started with a sharp rally, and then wearily jolted back to its starting point, has a wider message. In a week when the chairman of Barclays Bank warned of at least another year of recession, in which the voters showed their first poll majority for Labour, and in which the Washington Post wrote what amounted to an obituary of the whole of British society, nobody any longer expects good news in the foreseeable future. This mood is itself a crisis: confidence will not recover until the economy shows some sign of bounce, but the economy will find it hard to progress as long as the mood persists.

The Washington Post views Britain as a society in terminal decline, throttled by its own class system which is hardly novel; but there is no need for such a fatalistic diagnosis. The present crisis has clear and immediate causes in the economic and financial cycle, in the operation of the ERM, and in British politics. These are intractable problems, but not as intractable as the British class system. The government might take a first step towards restoring confidence in its judgment, if not in its policies, by admitting the facts, as Sir John Quinton did, rather than inviting satire by proclaiming yet again that recovery is just round the corner. It isn't.

Sir John did not denounce the government, and indeed supported its present policies; his warning amounted to a well-merited *mea culpa*. The wave of bankruptcies which is making most employees feel unsafe in their jobs, and the high borrowing costs of which industry complains so loudly, are almost entirely the result of reckless lending in the 1980s. In this respect Barclays is simply the first among British banking equals, and all of them could point to far worse examples in the US, where whole regions have lost all their independent banks, in Australia, and above all in Japan.

Mass hysteria

Financial crises of this kind, the result of a kind of mass hysteria, are hard to explain, for the warnings – in London in 1973-4, in third world lending in the later 1970s, in Texas in the early 1980s and in New England at the end of the decade – were loud and insistent. This is supposed to be the information age; but as James Grant, the New York credit analyst, has remarked, the banks do not seem to have joined in. They lent regardlessly to over-extended companies, on the supposed security of unsustainable collateral values, and we have yet to get the measure of their losses.

This is one reason why a downturn of this kind is so obstinate, and so unlike the normal cyclical economic models which have misled the British Treasury. Banks, once they have woken up to their own past follies, do not immediately make provision for all their doubtful claims; they cannot afford to. Instead, they try to recoup their ravaged capital through higher charges and wider margins – the main reason why borrowing costs remain high.

As fast as their balance sheet will bear, they allow the truth to emerge; but this is only the visible tip of the iceberg which will keep the economy chilled until the whole mass has melted. Other terminal risks are kept, sometimes for years, on financial life support to avoid fatally embarrassing write-downs (which explains why the normal sign of a recovery is a sudden climax in bankruptcies). Meanwhile lending costs remain high, and lending confidence low; and no analyst has yet been able to put a term on the "meanwhile". Further, as long as depressed conditions drive down profits and prices, the stock market will find it hard to rally, and even those consumers who feel safe in their jobs will have good reason to defer purchases. Reducing inflation is not all joy.

Unusually mild

Compared with these deep-seated problems, the difficulties of holding sterling within the ERM are a temporary embarrassment. The slowdown in Germany, which inspired an unusually mild briefing from the Bundesbank president last week, offers some hope of relief. But the hesitant recovery in the US, which provoked the usual complaints from an embattled President Bush yesterday, shows how long it takes even low interest rates and a super-competitive exchange rate to overcome financial gloom.

Meanwhile, confidence is largely in the hands of the politicians; and it is here that Mr Major is failing at present. He does a little good by stealth – for example, by trimming rates on National Savings to take the pressure off building societies, a sensible step despite the usual grumbles from foreign exchange dealers. An open season on motorway stops may provoke some activity. But he risks looking helpless, whether in the face of recession or of Bosnian atrocities, and calling it a virtue.

He could try harder: through the British presidency of the EC, urging more action to address a deepening international recession; at home, through even a modest programme of public investment, financed perhaps through public sector pay restraint. The economic impact would be small, but the psychological effect could be large.

Balkan minefield for the west

Pressure is mounting for some form of military intervention to support the Yugoslav relief effort, says **Judy Dempsey**

Over the past week, television pictures of detention camps, the forcible deportation of Bosnian Moslems, the killing of orphans, and the mortar attack at a funeral in Sarajevo have shocked people throughout Europe and the US.

Increasingly, public opinion – as well as political parties in European capitals and in Washington – is demanding that the international community take measures to stop the fighting and killing in Bosnia-Hercegovina.

A year ago, when the Yugoslav federal army and Serb nationalists started attacking Croatia, western governments condemned the fighting. But they sought a solution through the offices of the European Community, which they hoped would help negotiate a settlement to the conflict.

Public opinion now believes that the EC's mediating efforts have been a failure. Western governments are being called upon to do something. But if action involves some form of military intervention, the questions are, how, where, and for what aim?

Many EC countries – including Britain, France and Italy – and the US, however reluctantly, are prepared to send in aircraft (France might even provide troops) to protect the international humanitarian aid effort currently being led by the UN, but only with backing from the Security Council. They recognise that even that commitment carries high risks.

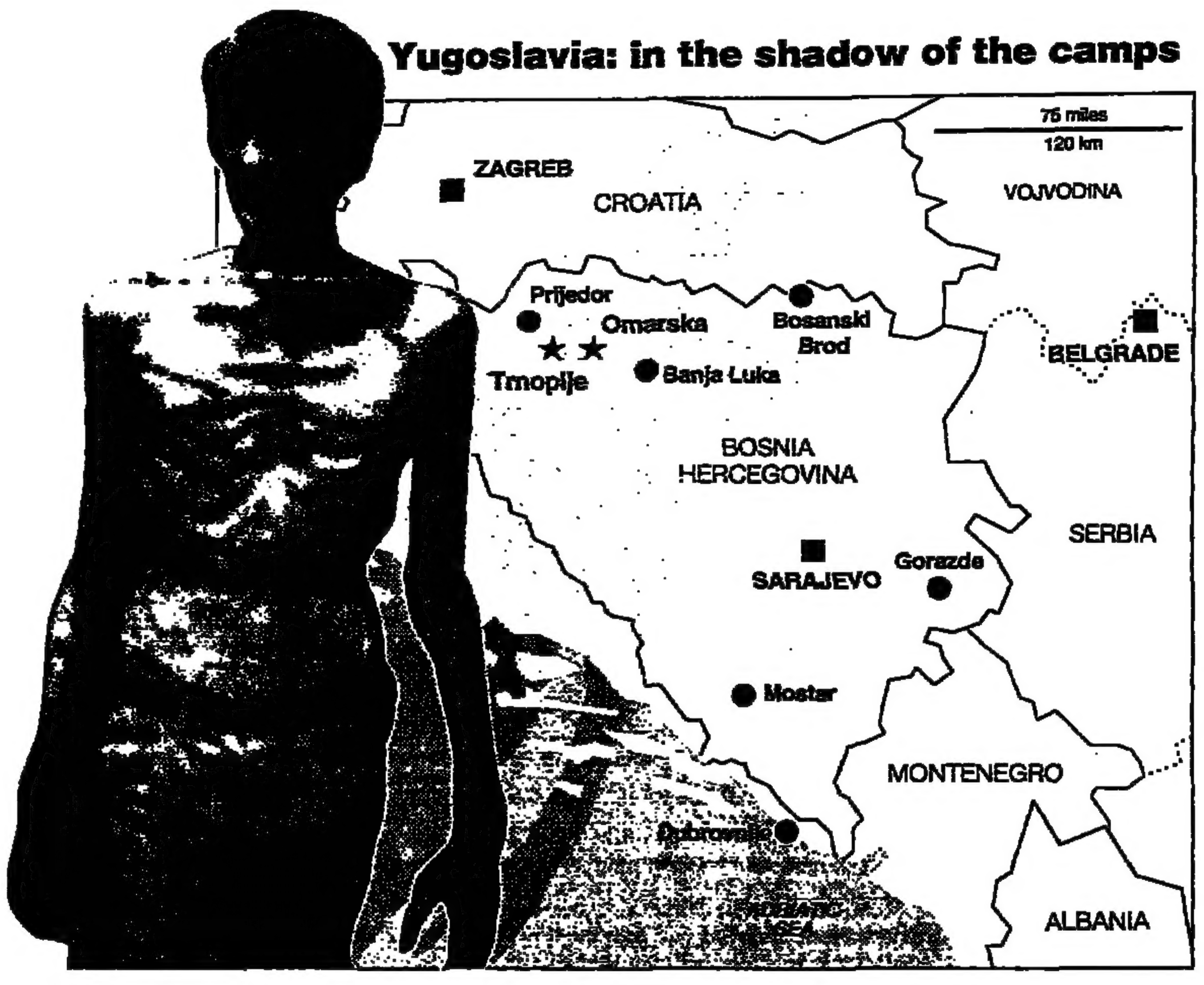
Mr Michael Clarke, head of the Centre for Defence Studies at Kings College, London, said the military manpower needed to protect a massive humanitarian effort should not be underestimated.

"If we are talking about opening up two land corridors, in eastern and western Bosnia, these would have to be manned by three or four divisions. That's about 60,000 ground troops. I am not so sure there is the political will to commit such levels of manpower. If these troops were attacked, they would have to defend themselves," he said.

The US and Britain are determined not to go beyond supplying aircraft to any UN-backed relief effort. "We cannot go beyond providing air back-up for the humanitarian relief operation," said a staff member of the House Foreign Affairs Committee in Washington.

"Let me also mention that we will stick only to supporting a humanitarian effort. The point is that if we use aircraft to bomb Serb artillery units on the hills around Sarajevo, we will be effectively declaring war on Serbia. Do we really want to do that?" he asked. "And if that were to happen, would civil war break out in Serbia? There are no easy options or solutions."

Yugoslavia: in the shadow of the camps



Despite the acknowledged problems inherent in military intervention, pressure for western countries to become involved appears to be increasing.

"I say, and very reluctantly so, that the consequences of non-involvement in Bosnia are worse than the dangers of involvement," said Mr Clarke. "But we have to be clear what our goal is."

This is the nub of the problem.

The US, the EC, the Conference on Security and Co-operation in Europe and UN diplomats in New York have so far failed to identify what they want to achieve by deploying any form of military force in Bosnia.

Some UN officials and defence experts on the ground in Bosnia believe – in the short term at least – that military intervention should have two aims. First, it should be used to support the relief effort. The hope is that the higher the profile of international military support in Bosnia, the greater the chance of monitoring, if not reducing, the violence. However, the continued bombing of Sarajevo in the presence of UN peacekeepers may suggest that whatever military force is deployed will meet resistance.

Second, military intervention should be coupled with more pressure on the Serbian leadership in Belgrade and in Sarajevo to control all the Serb war-lords on the ground in Bosnia-Hercegovina. This might be partly achieved by preventing logistical support and weapons reaching Bosnia's Serbs through blocking off the entire airspace between Serbia, Montenegro and Bosnia-Hercegovina.

But it would also mean trying to disarm Bosnia's Croats, who are backed by the government in Zagreb. Like Serbia, Croatia is involved in a land grab at the expense of Bosnia's Moslems.

Despite these limited objectives, Nato officials remain cautious about becoming embroiled in Bosnia. "We are agonising over the whole problem. Public pressure is demanding that we be seen to be doing something. But to tell you the truth, I still do not know what our level of involvement should be," said a Nato official.

"Yugoslavia is a military minefield. I am not even sure it could pacified with airpower. It would take tens of thousands of ground troops to cover the terrain. On another level, we are dealing with fanatics on the ground. You have these crazy, trigger-happy Serb warlords, heavily-armed Croats and desperate Moslems. The war in Bosnia has radicalised every ethnic group at the expense of innocent civilians," he said.

Other Nato officials said it was unclear how the Serbs would react if a UN-backed military intervention was launched. One official said the Serbs would either clearly identify the UN as "the enemy" and would, therefore, fight back, or they would retreat rapidly at the sight of well-armed western forces.

"If you could be sure that military intervention, on any level, would work, then sure, you could consider it. But you don't want to end up with a guerrilla warfare," the Nato official said.

Despite the sense of uncertainty and anxiety about how to respond to the war in Bosnia, a consensus is emerging: the longer the west prevaricates, the greater the chance the war could spread to other parts of the Balkan peninsula.

"I agree that if we do not take any kind of military action, the war will spread outside Bosnia. I have no doubt of that. The next flash-point is [the Serbian controlled province of] Kosovo. Maybe even in Macedonia," the Nato official said.

Defence analysts in London go one stage further.

"It is not only a question about the war spreading, and many more people getting killed in Bosnia. It is about Europe's future security policy in eastern Europe and the Balkans," said Ms Jane Sharp, a defence expert at Kings College and at the London-based Institute for Public Policy Research.

She added: "By not taking direct action of any kind, the west is indirectly propping up a bully – Serbia. This has an effect on what will happen in the region as a whole. We are telling potential dictators, in eastern Europe, or the republics of the former Soviet Union to go ahead with ethnic cleansing and grabbing land. If we turn our backs on Bosnia now, we will have to pay the price in the coming years."

The president's dilemma

Jurek Martin examines the US response to the conflict

President George Bush's military and political advisers have long concurred on one thing. There is no part of the world less enticing for US military involvement than what was Yugoslavia.

The hope was that Europe, with help from the US, would somehow sort out what is seen in Washington as essentially a European problem. With that hope in tatters, Mr Bush now faces the dilemma whereby to take no risks might be worse in domestic political terms and for US standing in the world than, as one senior official put it this week, "to roll the dice".

The pressure on the president intensified sharply this week, though still perhaps not to the extent of the debate raging in Europe. It was not enough, for example, to get James Baker, the secretary of state, to cut short his holiday, but it was sufficient that no presidential response would have been unthinkable, even if this was not an election year.

Bill Clinton, the Democratic presidential candidate, the Senate foreign relations committee acting in bipartisan unity, Lady Thatcher, Jewish groups and leading newspapers all demanded that the US take the lead in bringing Serbian aggression to book.

The administration's reaction was initially tentative and contradictory. It asserted, then denied, it had evidence of atrocities in Serbian-run camps. Before Mr Bush spoke on Thursday, the best it could do was call for an extraordinary session of the United Nations Human Rights Commission.

When he did pronounce, the president was conspicuously cautious, only urging a UN resolution, backed by force if necessary, to ensure humanitarian relief for Bosnia. He disapproved of the "vile policy of ethnic cleansing" but did not say Serbia must be punished for operating the detention camps.

He coupled this with a determination not to put US military personnel at undue risk. Yesterday he added that he did not want "the US bogged down in any way in guerrilla warfare". This means any US involvement would be mostly confined to air power. Any ground presence, the US believes, must come from European countries, under either a Nato or UN flag.

The reality is that international contingency planning is in its infancy compared with the blueprints to launch air strikes against Iraq two weeks ago. Lady Thatcher may urge the use of Nato, but it matters more that John Major, Mr Bush's staunchest European ally and willing to commit British jets to any attack on Iraq, remains opposed to anything equivalent in the Balkans. French and German reservations are also strong.

When a candidate in 1988, Mr Bush once confessed he did not really think he had been "tested by fire" in his public life. The invasion of Panama and, above all, the Gulf war gave him that satisfaction. There is no sign he wants a third experience in the Balkans. By comparison, even Saddam Hussein is an inviting prospect.

MAN IN THE NEWS: ***David Simon***

Scyther with a soft edge

When David Simon greeted Prince Charles at the opening of BP's elegant new headquarters in London's Finsbury Circus earlier this year, guests were somewhat concerned. BP's then chief operating officer had a black eye.

Perhaps Mr Simon had come to blows with his chairman and chief executive, the ebullient Mr Robert Horton, one or two observers were heard to mutter. In fact, Mr Simon had walked into a door.

A punch-up would definitely not have been his style.

There is to Mr Simon something of the John Major: the same sober-suited, heavy-spectacled, bank manager exterior, the same good humour masking a more steely edge, and allowing the occasional suggestion of smugness.

The parallels do not end there. Like Mr Major, Mr Simon was a bit player in his predecessor's downfall, but once the dagger had been wielded, he found himself thrust to the fore.

Both inherited a ship that had been blown off-course, both were brought in to mend relations within and outside their organisations, both promised a more collegiate style of management. Both also promised a change of style, rather than of substance.

Both, too, moved quickly to jettison some of their former leaders' cherished dogmas. Mr Major abandoned the electoral liability of the poll tax; and this week Mr Simon reversed BP's policy of maintaining its dividend, come what may.

Here, however, the analogy break down. In some respects, Mr Simon has acclerated his predecessor's programme of overhaul in a way the UK prime minister has not. Moreover, in contrast to Mr Major's meteoric rise, the new BP chief reached the top after more than 31 years with BP; and for most of that time his rise has shadowed that of the man whose job he was to inherit.

Simon was born in London in 1939, the son of an engineer. He was educated at Christ's Hospital, and, with sponsorship from BP, went up to Cambridge to read modern languages. He joined BP in 1961, four years after Robert Horton, and spent his early career in marketing in Europe. After honing his business skills on an MBA course at the European Institute of Business Administration in Fontainebleau, he moved around the company before spells as marketing director in BP Holland, and with BP Oil in the UK.

By 1982 he was chief executive of BP Oil International, and found himself tackling the losses and oversupply of the group's worldwide refinery division at the same time as Mr Horton was handling similarly difficult decisions at BP Chemicals.

Four years later, Mr Simon became the second-youngest group managing director. The youngest, by three weeks, was Mr Horton.

When chairman and chief executive Sir Peter Walters left in 1990, both Mr Horton and Mr Simon vied to succeed him. Mr Horton got the job. Mr Simon, characteristically, agreed to stay on as chief operating officer, enhancing his reputation as a team player committed to BP.

Mr Horton summed up the differences in personality between the two with his remark shortly before his appointment: "Simon is good. I've told him that if I get the job I'll be happy for him to work with me. If he gets it, there is no way I am working with him."

On a personal level, Mr Simon is said to guard his privacy, and is believed to have disapproved of Mr Horton's publicity-seeking. "It's not that I haven't got an ego," he once confided to a colleague after observing Mr Horton holding forth for an Italian TV crew "It's just not particularly important to me."

Unlike his predecessor, he is also careful to maintain a life outside work. While BP was in turmoil less than 48 hours after the boardroom coup which ousted Mr Horton six weeks ago, Mr Simon was to be found at his local golf course.

Associates say he is approachable, popular, and good-humoured, as well as being shrewd. He can also be ruthless.

"He is not mild-mannered in the sense of insipid or wimpish," said one BP insider. "He is slightly sardonic, and uses irony rather than temper to get points over."

When it comes to business, a senior City figure says that Mr Simon is more of a careful planner than a daring entrepreneur. "He is not someone to get carried away about a sexy scheme and embark on it as an act of faith. He would have to prove on the financial side that it would work."

He is said to be a prudent man, who abhors debt, and despite his unflappable exterior is a worrier, with a great deal of nervous energy.

Sir Allen Sheppard, chairman of drinks group Grand Metropolitan, of which Mr Simon is a non-executive director, summed him up thus: "David is an outstanding non-executive, a very interesting combination of the shrewd strategist, and the thorough and highly analytical operator. He has a refreshing style matched by a highly entertaining sense of humour."

These qualities have been noticed by the City, to which Mr Simon represents a more amenable figure than Mr Horton, and which has offered him several chairmanships of big companies in recent years. Mr Simon preferred to stay at BP, even though he was growing increasingly unhappy working with Mr Horton.

Now, he has the chance to run the company his way, though the programme he outlined this week had, apart from the dividend cut, more than a touch of his former boss about it – accelerated job cuts, cost and spending reductions, and sales of non-core assets.

Employees and shareholders alike will be hoping the style of implementation will be different from Mr Horton's. Those who know Mr Simon suggest he will be better able than Mr Horton to carry people with him. It will not be easy. Rumours are already emanating from BP that after 'Hatchet Horton', the new chief executive has been branded 'Scything Simon'.

But, warns a colleague, he should not be judged prematurely. "I see no reason to believe that David is not behaving with the characteristic guile of a good chess player. It is just that people sometimes don't realise from the opening move how good a player someone is."

Neil Buckley

Private sector porridge

Alan Pike on government plans to shake up the prison service

Rioters who tore apart Strangeways Prison, Manchester, during the 1990 disturbances were dismantling Britain's prison system to a far greater extent than they realised.

The rebuilding of Strangeways has enabled the government to make a bold move in attempts to reshape prison management and industrial relations. It announced this week that the public and private sectors will be invited to submit rival bids to manage the new prison.

Many public sector trade unions grew weaker during the 1980s, the Prison Officers Association (POA) was not one of them. With a reputation for being hard-line and behaving as an equal to the prison service management in determining how prisons are run, it has traditionally been seen as one of the biggest barriers to change in the service.

The Strangeways announcement is the latest evidence that the government has no plans for a miners-style confrontation with the prison officers. Reform will be pursued through introducing variety into the way prisons are run, and strengthening the service's management.

Members of the POA immediately assumed that the Strangeways contract was bound to go to a private company to advance the government's efforts to experiment with private prison management. There might, however, be a still bigger prize for the government if the public bid succeeds and can be used as a stalking horse to introduce new working arrangements in the public sector.

The Home Office prison department's chances of continuing to run Strangeways – and probably the chances of the POA being represented there – depend on it producing, with the union's co-operation, an imaginative bid outside existing working arrangements. Were this to happen the effects would be felt throughout the service, particularly on the POA.

Mr Kenneth Clarke, who became home secretary in April, sees reform of Britain's prisons as one of his priorities.

Senior management was criticised in Lord Justice Woolf's report on the riots at Strangeways and elsewhere, which spoke of "frequent complaints from managers and staff of a lack of visible leadership".

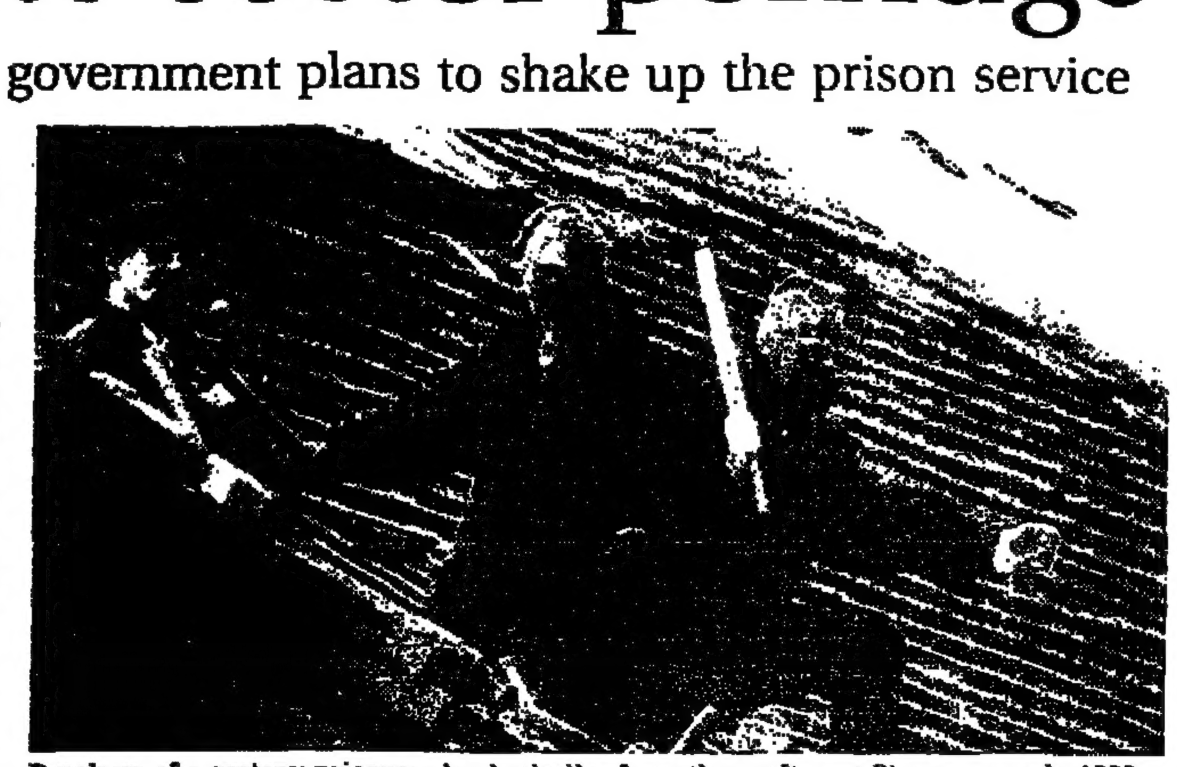
The union was often criticised in private by some of Mr Clarke's predecessors, who accused it of being obstructive and opposed to change. But they recognised that its members did a job most people would never volunteer for, and were armed with considerable industrial power through their preparedness to stop doing it.

Prison life is rough, tough, sometimes utterly rotten. Britain has some good jails; it also has others where inmates are locked three to a cell without internal sanitation for most of the day.

Some reports by Judge Stephen Tumin, the government's own chief inspector of prisons, read as though they had been lifted from a Victorian bookshelf. In a report on Dartmoor in June he expressed himself "aghast" that the same brushes had sometimes been used to clean plates, eating utensils and toilets, and found the bath houses so deplorable that he recommended their immediate closure.

The lifestyles of corrupting and depressing institutions affect staff and inmates alike. Social stability in prison is built around understandings negotiated between prisoners and between prisoners and officers. A frequent criticism of the officers is that, behind the prison walls, they use their trade union strength to impose working arrangements which reflect their own interests.

"I suppose what concerns the government is that we remain a strong trade union with the capacity to represent our members effectively," says Mr David Evans, the union's general secretary. "We are not going to compromise on that. But we are not fighting the government. We have told Mr Clarke we are willing to examine any proposals that would contribute to the effective running of the prison service."



Break-up of a system: prisoners hurl missiles from the rooftop at Strangeways in 1990

Naturally, the union does not believe it is the central problem of the prison service; neither do present home office ministers. Mr Peter Lloyd, the prisons minister, says his own experience in private industry suggests that when a union is accused of being over-powerful it usually reflects deficiencies in management.

Evidence to support this view came in this week's report of the inquiry into brutality at Ashworth high-security hospital, Merseyside. The report spoke of POA members filling a vacuum left by managers who had little power.

In 1987 the prison service began introducing the optimistically-entitled Fresh Start, a new pay, working hours and conditions package. While this has produced some efficiency improvements, it has also provided fresh opportunities for disputes over staffing levels.

Fresh Start maintained the style of negotiated change which still characterises industrial relations in the service. The sign that the government was prepared to use more radical methods came with legislation to allow the private management of remand prisons.

Wolds, on Humberside, opened as Britain's first privately-managed remand prison in the spring: its management Group 4 Security, its staff represented under a single-union deal with the GMB general union rather than the POA.

The government has already extended the scope of the legislation by parliamentary order to allow the private sector to manage newly-built jails for convicted prisoners. Blakenhurst, in Hereford and Worcester, will become the first later this year.

Ministers are not treating Strangeways as a new prison covered by this order. When parliament reassembles, it will be asked to confirm another order extending the powers of private management to established prisons. Once this is done, the option of private management will be widely available in the service.

The government had begun restructuring the prison service before April's general election under Mr Joe Pilling, a new director-general regarded by colleagues as a man with strong management skills. A move to agency status operating at arms-length from Whitehall, will come soon.

To achieve far-reaching change, however, the government must look to the individual prison level and Strangeways is an important step towards this. A new governor will be appointed soon to prepare the prison's bid.

Ministers are open minded about how and when to extend the Strangeways concept of competitive bidding. "If privately-managed prisons continue to prove themselves, it would make sense to see where else private management could be used", says Mr Lloyd.

Before that happens, however, the government will start to devolve management of public prisons – setting specifications but leaving it to individual governors to decide how to meet them. This is similar to the way in which Wolds, Blakenhurst and any other private prisons will operate.

But if governors in state prisons are to be allowed the freedom of devolved management at anything like the level enjoyed in the private sector, they will eventually need scope to negotiate their own agreements at local level.

This would present the POA with a dilemma. Local governors would want new agreements which offered more flexible working practices and challenged the POA's established power – just as the Strangeways bid will have to do to succeed.

There would be a natural reluctance on the union's part to go along with this. But with the decision to allow both public and private sectors to bid to run Strangeways, the government has a new weapon in its armoury. Local POA members would know that if they failed to support efforts to modernise the service, their prison might also become a candidate for a competitive bid from the private sector.

Ian Rodger on a tale of power, passion and chocolate

All because the lady loves

"*Vorsprüngli durch Heirat* (a little progress through marriage)."

There is nothing peculiarly Swiss about this situation – it is human," said a well-informed Zurich businessman yesterday.

He was referring to the strange case of Mr Rudulph Sprüngli, the autocratic chairman of the Swiss confectionery group, Lindt & Sprüngli, whose marriage last week to a woman 28 years his junior provoked a slump in the group's shares and the resignation of its respected chief executive.

It is a tale that combines those eternal and ever-troublesome themes – love, greed, ageing, power, religion and chocolate. Not surprisingly, it has enthralled Swiss society in the middle of an otherwise soporific summer.

It all started last spring when the 72-year-old Mr Sprüngli divorced his wife of 45 years and announced his engagement to a 44-year-old sometime adherent of a US-based theosophical sect called "I AM".

Within days, it was reported that his betrothed, Ms Alexandra Gantenbein, had been advising him privately on top management appointments, with the implication that the company was being infiltrated by "I AM" adherents. Mr Sprüngli promptly called off the engagement and called in a firm of accountants, KPMG Fides, to investigate.

All went quiet until 10 days ago when Lindt & Sprüngli issued a statement saying that KPMG had concluded that decisions on executive appointments were made by authorised directors. But it added a quotation from the KPMG report to the effect that "Mrs A Gantenbein, occasional member of the 'I AM' movement, gained some importance and influence in decisions over top manager positions".

Then, late on Monday afternoon Lindt & Sprüngli announced that the couple had been secretly married the previous Friday. Within 24 hours, the group's shares had lost nearly a tenth of their value and the chief executive had resigned.

Although the couple, the company and the resigning chief executive have not been willing to shed any light on these events, the Swiss media have proceeded to speculate with a confidence that comes of living in a fairly tight-knit community.

As to Mr Sprüngli himself, it is a matter of record that some 12 years ago, at 61, he stood down as group chief executive, saying that one of the 10 deadly sins in a family company was to leave unsettled the question of a successor. He stayed on as chairman. In an interview last April he admitted that the succession was still undecided and he was remaining active.

Indeed, his continued interventions in day-to-day management have led to a high level of turnover of senior executives. Mr Ulrich Geissmann, who left the company yesterday, had been chief executive for little over a year. In the previous six years, there had been four chief executives and a frequent rotation of other top employees, with departures said to stem from "differences of opinion" or some similar phrase.

In the spring of 1991, the chairman's eldest son and heir apparent, Rudolf K Sprüngli, then marketing director, left the company to become managing director of another food group. "We have grown a bit apart," Mr Sprüngli, père, admitted in April.

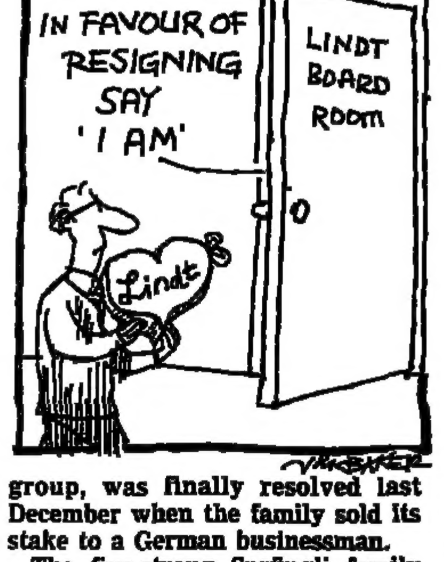
As for Ms Gantenbein and "I AM", various reports have emerged in the press, of which the most tantalising is that she had married a Swiss businessman in 1986 when he was 77. He died 16 months later, leaving her some SFr4.5m (£1.7m).

The sect to which she belongs was founded in Chicago in the 1930s and its followers believe that people carry within themselves the divine spirit. Its Zurich reading room, in a non-descript office building in a seedy part of town, has been tightly shut this week.

As amusing as the story is, it has serious aspects. Lindt & Sprüngli sales last year reached just under SFr1bn; it employs more than 4,000 people and has factories in Germany, France and the US as well as in Switzerland. A trade union representative said there was a growing feeling of unease among employees.

At the moment, the group is in remarkably good health. Profits were up 20 per cent last year to SFr23.5m and the dividend was raised for the seventh year in a row. But all is obviously not well.

"It is a familiar situation," a Zurich businessman said yesterday. "The chairman has passed his prime, but the board is too weak to do anything about it." Problems of succession in family companies are not uncommon in Swiss business. A long-running struggle at Mövenpick, the restaurants and hotels group, was finally resolved last December when the family sold its stake to a German businessman.



The five-strong Sprüngli family controls almost 50 per cent of the company's voting shares and has a pact to vote together. Until now, the family has let Mr Sprüngli have his way, but the ex-Mrs Sprüngli, who is thought to be the biggest single shareholder, may be losing her patience, company observers believe. She was unhappy about her son's ejection last year, they say.

Among those embarrassed by the affair is Crédit Suisse, the group's bank. Mr Kurt Widmer, a Crédit Suisse director, sits on the Lindt & Sprüngli board. Observers say the bank has been an effective supporter of the Lindt shares this week. By yesterday's close, the bearer shares, having been as low as SFr10,900 on Wednesday, had recovered to SFr13,000, SFr800 higher than at the end of last week.

Crédit Suisse also has close relations with Nestlé, the Swiss food and confectionery group, leading to press speculation of a possible Nestlé takeover. Nestlé has refused to comment, but such an outcome seems unlikely on competition policy grounds.

Thus, it could take some time for this steamy tale of power, passion and sugar to cool down. One Zurich newspaper predicted yesterday that the new Mrs Sprüngli would be in the chief executive's chair at Lindt by next month. "Absurd," said the company in one of its rare comments these days.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Flawed and unworkable

From Mr Kevin A Hurst.

Sir, Was there ever a clearer sign that the financial world lacks leadership than that displayed by the Abbey National in its proposals for tax credits to those who sell houses at a loss ("House sales boost urged as prices fall further", August 4)? It was sad to watch an embarrassed Sir Christopher Tugendhat making proposals to the government that could only have been designed to catch the headlines.

So flawed and unworkable is the idea of tax credits for capital losses on house sales that one shudders at the mentality of those running one of Britain's largest banks.

Kevin A Hurst,
chief executive,
Nottingham Imperial Building Society,
Imperial Building,
Bridgford Road,
West Bridgford,
Nottingham NG2 6AU

More bad news on the way?

From Mr Gordon Hazzard.

Sir, Doubtless the gloomy words of Sir John Quinton, chairman of Barclays Bank ("Recession to last 'two more years'", August 7), are encircling the world and there must be a danger that a few people will regard his comments as having some relevance to the economic circumstances and prospects of the UK.

Should we not ask how it can be that a person gifted with such remarkable economic foresight presides over a bank that incurred a billion pounds in bad debts in one year? Should we not also conclude that Sir John's purpose is to prepare his shareholders for more and more bad news?

Gordon Hazzard,
5 Balfour Place,
Mayfair, London W1Y 5RG

Criticism of MMC competence at variance with experience

From Mr Simon Homes.

Sir, While I agree with David Sawers' view ("A high-price market", August 4) that "the most necessary reform is to give the OFT [Office of Fair Trading] power to investigate where the restrictive practices exist", I take issue with a number of his criticisms of the Monopolies and Mergers Commission.

First, he suggests that the MMC "can at best be described as unprofessional and at worst incompetent" and that "a depressing aura of mediocrity hangs over the MMC and its staff". On the contrary, I have always been struck by the thoroughness and competence of the MMC – an impression that has also been voiced by clients which I have represented before it. These clients have been favourably impressed by the commission's depth of understanding of their industry and the incisiveness of its questioning.

Second, the MMC is criticised for having part-time commissioners. I have never found this to be a disadvantage. On the contrary, it has helped build clients' confidence that the commissioners are still in touch with the way industry thinks and works.

Third, David Sawers refers to the "rigid legalistic approach" with which MMC proceedings are conducted. I find this a somewhat puzzling criticism given the lack of rigid procedures, the possibility for open debate in oral hearings, and the possibility to contact the MMC at any time during an investigation – by letter, fax or telephone. If Mr Sawers has found things too legalistic, I would suggest that this may have more to do with the way in which particular companies and their legal advisers went about the investigation than with the MMC itself.

Simon Holmes,
Theodore Goddard,
solicitors,
150 Aldersgate Street,
London EC1A 4EJ

Japanese buyer for County Hall best option, while LSE should have custom-built school

From Mr Christopher H Burt.

Sir, You suggest the government is in a dilemma as to what to do about County Hall ("GLC spectre continues to haunt Tories", August 6). Would that all dilemmas were so clear cut and so easy to solve.

On one side there is a respected Japanese businessman who wishes to create a luxury hotel out of County Hall. This will result in capital inflow, work desperately needed by the building industry and a business which, over the years, will contribute to the nation's economy.

On the other side, the London School of Economics wishes to stretch its resources and borrow vast sums at a time when real interest rates are at record levels. Furthermore, the LSE proposals seem to be postulated on the sale of real estate within three years at what is generally acknowledged to be an incredible price. Dare one suggest the LSE faction wishing to go along this road is, although doubtless brilliant intellectually, perhaps a little short when it comes to common sense, let alone common prudence.

If the LSE can really lay its hands on tens of millions of pounds for a new prestigious home, why not build a custom-built school using a renowned architect? At such a time as now, land, building and indeed professional services should all be available on highly competitive terms. Given this outcome all concerned will be winners and London will be able to boast of a fine new hotel and a fine new LSE.

Christopher H Burt,
92 Rue de l'Aqueduc,
1050 Brussels, Belgium

If law were changed on lettings it should be across the board

From Mr Martin Philcox.

Sir, Samuel Brittan (Economic Viewpoint, August 6) neatly sidesteps a simple truth, namely that when times were good in the property market tenants were happy with the leases they obtained, but with a downturn now wish to move the goalposts, blindfold the referee, unscore some of the goals and perhaps take the ball home and not play any more.

Those leases freely entered into, which it is now said are so onerous, are the leases tenants were happy to sell at a premium when demand exceeded supply. Did those leaseholders who sold their leases or who obtained a profit by sub-letting share the profit with their landlord? When inflation was daily eroding the value of the rent how many voluntarily paid a higher rent?

Every landlord experiences the leaseholder who stands by every dot and comma of his lease, and avails himself of every piece of retrospective legislation when it suits, but defaults and disappears when the going gets tough.

Why should it be inherently unfair for the original leaseholder to be held responsible for the default of a subsequent leaseholder? Someone receiving a pension from a company would be justifiably aggrieved if that company were taken over and the new owner reneged on the company's obligations.

If the market has fundamentally changed, new leases will reflect this. However Mr Brittan appears also to support the abolition of security of tenure where leases have expired. Surely if some existing laws protecting tenants from market forces are to go, this should include the abolition of all controlled tenancies in the domestic sector, now rent control has here been largely abolished for new lettings? In other words if there is to be legislation, why should it not apply across the board?

Martin Philcox,
Park House Properties (London),
Delta House,
181-183 Romford Road,
London E15 4JF

No simple answer to care of the very old

From Mr J M Marshall.

Sir, Mr Cassidy (Letters, July 28) suggests that financial needs of those who are dependent on others through the effects of age rather than specific illness could be met from their pension schemes by "a modest funding rate applied to the whole of the employee population in a way analogous to that of providing for death in service".

This requires the employer to charge against current profits generated by current employees a benefit for individuals who have not been contributing to that profitability for some time. If this cost really is small, then the paternal employer might be happy to do so. But where a business has shrunk to the extent that, say, half the pension scheme membership are pensioners, the loading will not be so small.

A longer term solution to pre-fund long-term care benefits alongside pension benefits is not without its problems. The cost of providing full insurance is still high, all the more because it attracts no tax concessions, and younger employees will be reluctant to contribute because they do not see the need. While small benefits may help those who need extra services brought to their home, when it comes to residential care such benefits may only serve to prevent those on low incomes from claiming state support, just as home ownership does now.

Further, the only way of avoiding the extra administrative burden of assessing need would be to pay long-term care benefits to all pensioners, but on an age-related basis. This, though, would increase the cost of the benefits themselves.

There seems to be no short-term solution, but the possibility of a longer-term solution on a group rather than an individual basis is already exercising the minds of some pension practitioners.

J M Marshall,
Godwins,
Briarcliff House,
Kingsmead,
Farnborough,
Hampshire GU14 ME

European side behind 14% rise by Unilever

By Guy de Jonquières, Consumer Industries Editor

UNILEVER, the Anglo-Dutch consumer products group, increased pre-tax profits 14 per cent in the second quarter to £511m, due mainly to an improved performance by its European operations.

In the half-year to June 30, pre-tax profit rose 10 per cent to £888m. Mr Michael Perry, chairman, said the progress would be sustained in the second half. However, he said: "We perceive little evidence of economic recovery in a number of our important territories."

The second quarter profit compares with £448m in the same quarter a year ago and was earned on sales of £6.15bn (£5.81bn). The half-year profit, which compares with £806m a year ago, was earned on sales of £11.6bn (£11.2bn).

In Europe, operating profit rose to £354m (£336m) on sales of £3.67bn (£3.48bn) in the quarter. The group said a fall in half-year operating profit to £614m (£642m) on sales of £6.91bn (£6.72) reflected the disposal of its packaging businesses.

Mr Perry described as excellent the performance of the ice cream business in Europe, which had benefited from good weather. Results in the region from personal products, speciality chemicals and German operations were also good.

However, meal components and professional products suffered from the warm weather and slow economic growth. In general, Unilever's consumer operations fared better in Europe than its industrial activities.

In North America, quarterly operating profit edged up to £74m (£69m) on sales of £1.22bn (£1.2bn). The half-year figure rose to £91m (£79m) on sales of £2.27bn (£2.24bn). Unilever said it gained volume and share in margarine, toilet soap and several other products. Recovery continued in personal products, particularly at the upper end of the market.

In the rest of the world, Unilever said quarterly operating profit was depressed by exceptional items, growing to £105m (£98m) on sales of £1.27bn (£1.14bn). Half-year profit advanced to £232m (£194m) on sales of £2.47bn (£2.21bn).

Sales of detergents and personal products grew strongly in Latin America, and results in Argentina were particularly good. Losses in Japan declined on improved results from detergents and personal products, though food performed less well.

Earnings per share rose six per cent in both periods to 16.98p (15.98p) for the quarter and 30.07p (28.42p) for the half year. Operating margins remained at 8.7 per cent in the quarter but fell to 8 per cent (8.2 per cent) in the half year.

Net interest fell to £84m (£145m) in the six months, reflecting lower interest rates and continuing reduction in net debt, which declined by £100m to £1.5bn during the second quarter.

Unilever made 12 acquisitions and 17 disposals in the six months, at a net cost of £67m. The interim dividend will be announced with third quarter results in November.

See Lex

Venezuelan charges put Young Group in the red

WITH THE underlying business performing badly and the need to provide heavy exceptional and extraordinary charges, particularly for its Venezuelan investment, Young Group incurred an attributable loss of £6.71m in the six months ended May 30.

Turnover at this USM-quoted coal mining group fell to £19.3m (£21.6m) and the trading outcome, after interest, went from a £756,000 profit to a £952,000 loss following a small deficit in the second half of last year. On top of that were exceptionals of £2.93m for a pre-tax loss of £3.88m, and extraordinaries of £2.82m.

The UK opencast sites suffered both tonnage and quality difficulties stemming from the geological and mining problems experienced last year.

However, as a result of actions taken the remainder of 1992 was expected to show a recovery, said Mr Robert Young, chairman.

Of the exceptional charges £1.33m was for trading losses of the operation in Venezuela. The mine did not perform well, Mr Young said, and production was poorer than expected, with consequent severe cash flow problems for the group.

Because of those changed circumstances, the option agreement for Peabody, the US coal producer, to acquire the Venezuelan subsidiary had been changed. Instead of being exercisable until next May at a price of $6.6m, it could be exercised this October but at $3m, and that write-down resulted in the extraordinary provision.

Losses per share were 40.83p (earnings 5.56p). There is no interim dividend and there is unlikely to be a final or preference payment for the year. Previously, there was an interim of 2.6p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aegis Group ....int	1.375†	Oct 20	2.75	-	5.85
Fairway § ....int	1	Oct 2	1	-	3.15
West Trust ....fin	0.25†	Nov 30	nil	0.25	0.25
Wholesale Fitts ....fin	8.47	Oct 22	13.39	11.7	16.62
Young Group § ....int	nil	-	2.6	-	2.6

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
210	F.P.	-	218	201	Anglian Group	217	-1	W8.7	2.0	5.3	12.6
100	F.P.	-	99	95	Birkby	96		L5.25	-	7.3	-
100	F.P.	-	101	101	Broadgate Inv Trust	101		-	-	-	-
-	F.P.	-	7	7	Dartmoor Warrants	7		-	-	-	-
-	F.P.	-	32	19	Dwyer A	19		-	-	-	-
500	F.P.	-	495	468	European Smllr Co's Uts	475		-	-	-	-
-	F.P.	-	150	145	Fleming Smllr Co's Zero Pf	145		-	-	-	-
‡	F.P.	-	351	236	HSBC 75p	330	-3	W13.0	1.3	5.3	23.1
-	F.P.	-	84	62	Henderson Eurotrust Ord	62		R3.0	-	6.5	-
‡	F.P.	-	99	92	Do Units	92		-	-	-	-
-	F.P.	-	30	27½	Do Zero Div Prf	29¼		-	-	-	-
285	F.P.	-	290	276	Kenwood Appliances	284		W7.5	2.4	3.5	15.1
100	F.P.	-	103	100	Kl'wort Endowment Policy	100	-1	-	-	-	-
115	F.P.	-	123	113	MFI Furniture	114	-1	R3.75	2.0	4.4	15.2
136	F.P.	-	153	143	Quality Care Homes	150		R4.0	2.3	3.6	13.3
140	F.P.	-	162	145	Taunton Cider	160		W4.75	1.9	4.0	17.3
325	F.P.	-	298	274	Telegraph	294		N10.0	2.2	4.8	11.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
-	F.P.	-	100½p	100½p	Caspen Oil 11% Cnv ULS 94/97	100½p	
100p	F.P.	-	110p	107p	Falcrsm Inv Tst Zero Div Pf	107p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
100	Nil	11/9	1¼pm	¼pm	Birkby	¼pm	
6	Nil	25/9	½pm	½pm	Coverdale	½pm	
5	Nil	11/8	1pm	¼pm	‡Hobson	¼pm	
385	Nil	9/9	63pm	60pm	Jeyes	63pm	
100	Nil	8/9	18pm	6pm	Kode International	6pm	-2
650	Nil	14/9	80pm	68pm	ML Laboratories	68pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". ‖ Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ‡ Units comprising 1 Ord. and 1 Zero Div. Pref. share.

TRADITIONAL OPTIONS

- First Dealings Aug. 3
- Last Dealings Aug. 14
- Last Declarations Oct. 29
- For settlement Nov. 9

3-month call rate indications are shown on page 9.

Calls in Aegis, Amber Day, Crown Eyeglass, Euro Disney and Medeva. Puts in Ladbroke and Owners Abroad. Puts and calls in Midland & Scottish Res., NSM, Royal Insce. and Tiphook.

Aegis refinances as profits fall to £13m

By Angus Foster

AEGIS, the European media buyer which last month saw the sudden departure of Mr Peter Scott, chairman, yesterday announced a refinancing which will further increase the control of the company's two main shareholders, Mr Gilbert Gross and Warburg, Pincus, the US investment bank.

Aegis is rescheduling outstanding payments due on the purchase of Carat Espace, the French media buyer which it bought from Mr Gross and its management. This will allow an extension of Aegis' banking facilities, provided by Samuel Montagu.

Aegis will then launch a rights issue of convertible unsecured loan stock to raise £19.75m, net of expenses. The issue is fully underwritten by Warburg, Pincus, which holds 14.8 per cent of Aegis.

Aegis has also been told by the Takeover Panel that following its decision to shift headquarters to Paris, the official reason given for Mr Scott's departure, it will not fall under the takeover code since it will no longer be considered resident in the UK.

Under the debt rescheduling, SFEC, a company controlled by Mr Gross, will receive £18.75m in new shares and £25m in cash. The new structure differs from the original payment plan by accelerating the share element but reducing the cash portion. As a result SFEC's holding will increase from 26.8 per cent to 42.4 per cent. The transaction received a waiver from the Panel because the shares are a form of payment.

SFEC will transfer its rights to the convertible loan stock to Warburg, Pincus. As a result, and assuming the rest of the rights are taken up, Warburg Pincus' voting rights will increase from 14.8 per cent to 16.4 per cent, while SFEC will hold 33.8 per cent of the voting rights.

Under the rights, Aegis is issuing 22.5m units at £1. Each unit includes a deferred share of 1p and a 9.875 per cent convertible unsecured loan stock, redeemable in 2002 and with a conversion price of 55p.

The company's shares, which more than halved in value following Mr Scott's resignation, fell a further 7p to 39p.

Aegis also announced a slump in pre-tax profits from £31.3m to £13.5m in the six months to June 31. Turnover increased 42 per cent to £1.39bn due to acquisitions and new business.

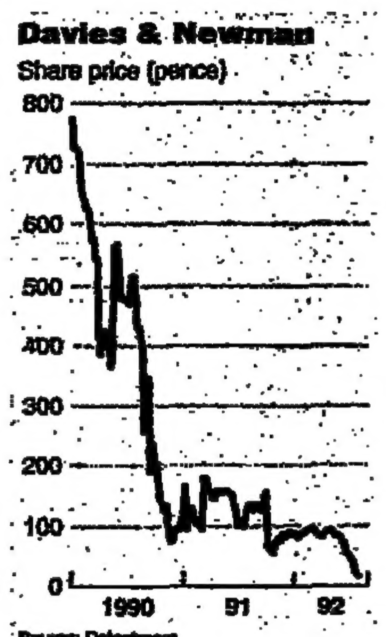
Operating margins were affected by competition and the move to Paris incurred exceptional costs of nearly £14m.

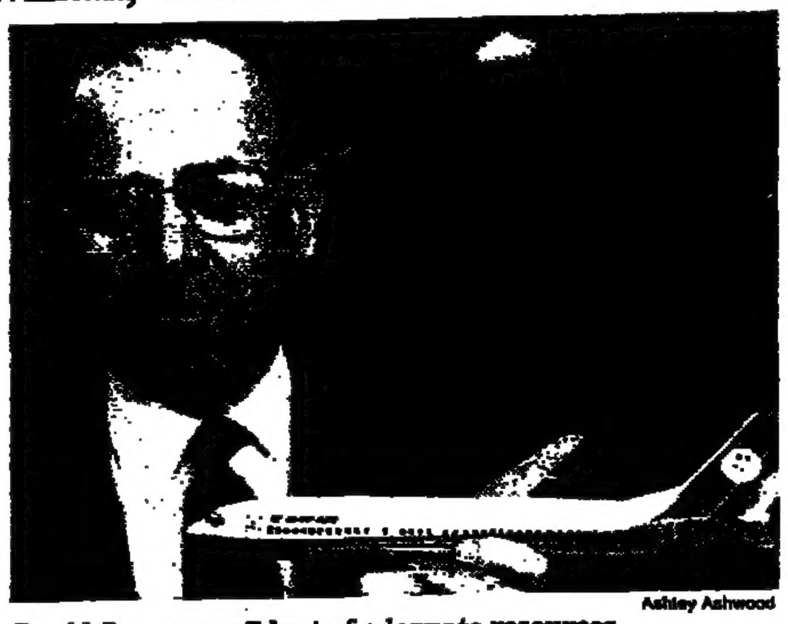
Losses per share were 2.1p, against earnings of 13.97p or 11.77p fully diluted. The interim dividend is cut to 1.375p (2.75p).

Mr Charles Hochman will replace Mr Scott as chief executive in September. Mr Frank Law has been appointed non-executive chairman from the same date.

Still banking on being able to take off

Jane Fuller looks at Davies & Newman, which has seen its share price slide to 12p





Ashley Ashwood

David James: confident of adequate resources

AMONG the sorriest sights in the recession-depressed stock market are companies which once looked great recovery plays.

Davies & Newman Holdings, owner of the Dan-Air airline, is an extreme example. After nearly going bust, it was virtually refloated last October in a £49.3m equity issue that swamped the old shareholders – notably the Newman family.

With debt greatly reduced and £20m pre-tax profit forecast for 1992 (after losses of more than £35m in both 1990 and 1991), the issue price of 50p looked very attractive, indeed one disgruntled shareholder described it as a giveaway. It represented a prospective p/e of four and was only a third of the opening price on the day the rescue was announced.

Yesterday the share price closed at a new low of 12p.

The background was described by Mr David James, the company doctor-chairman, at the annual meeting on May 29. "In our listing particulars we drew attention to the fact that passenger traffic generally grows at twice the rate of gross domestic product. Whereas we had adopted the widely expected GDP growth of 2.6 per cent to give passenger growth of 5.2 per cent, the growth so far in 1992 has been negligible."

Results forecasts have been continually downgraded. One forecast obtained this week was for a pre-tax loss of £7m.

Questions have been raised about whether the £35m bank credit facility will be adequate to see the company through the traditional winter drain on cash, and about whether bank covenants will be breached.

Speculation has even surfaced that D&N may have another October crisis – its third in a row – and return to shareholders for cash.

Mr James stresses that "there is no cash problem". He says only a small percentage of that £35m facility is being used and the cash position will continue to improve until the autumn. "The seasonal best position is mid-September to late October, the worst is mid-April to mid-May."

Previous crises arose in October because the old bank facility expired at the end of that month. The new facility runs until December 31 1993.

Will the company stay within its £35m limit? "I am looking at the maximisation of cash resources. I have not said to shareholders that I am turning to them for additional support. I am looking at other strategies within management control and I am confident that we shall have adequate resources."

He added that with two years of recession in view, he was planning not only how to cope with the borrowing peak in April 1993, but also with that of April 1994.

What about banking covenants? There is only one and it has "a formula which links to an expectation on profit". There can be no breach until the audited results for 1992 are declared in May next year.

The most recent figures for borrowings came in the 1991 annual report. On December 31, gearing stood at two-thirds of shareholders' funds of £42.8m. The £29m debt was split between bank borrowings and finance leases for the aircraft. The £35m limit only applies to the bank loans.

A great deal of faith is placed in Mr James's ability to negotiate with bankers, a view enhanced by the £180m debt-for-equity swap that he pulled off last week for one of his other charges – Lep Group, the freight forwarding and security concern.

In D&N's case, some good will is also expected from the banks. The issue proceeds paid off a chunk of debt and nearly £9m was paid in "special fees".

As for the lessors, one analyst commented that it was a buyers' market and some airlines had even negotiated moratoria on payments.

Mr James says that his close dialogue with bankers and other financial supporters has never ceased. And if anyone wonders how he has time for such discussions on behalf of both D&N and Lep, not to mention Eagle Trust, he says: "It's largely the same banks," with Lloyds and NatWest as the most heavily involved.

While the stock market view of D&N looks dire, some reassurance about Dan-Air's recent operations is offered by Mr John Olsen, appointed chief executive in April.

On the charter side, "although the market is volatile, our participation is satisfactory". In the scheduled sector, towards which Dan-Air is shifting its emphasis, quite a strong recovery is emerging after a poor first half for all carriers.

Dan-Air had one or two particular problems in the first half, for instance with its marketing effort prior to Mr Olsen's arrival. The threatened launch of a rival airline also caused some nervousness.

A much improved performance is in prospect for this quarter on the back of leisure traffic. Whether business travel will recover in the autumn is another question.

Shareholders may, however, derive more comfort from the thought that D&N has some attractive assets in its strong position at Gatwick airport and its portfolio of European routes. One recent buyer of the shares said the gamble this time rested more on the prospect of a deal with another airline than on erstwhile recovery hopes.

Kalon predicts extra £5m for merged group

By Richard Gourlay

KALON Group yesterday said that combining its operations with those of Manders if its hostile takeover was successful, would add at least £5m a year to the pre-tax profits of the enlarged group.

The forecast profits increase came as the paint group increased the terms of its bid. The offer now values rival Manders group at £93.7m or 254p, down from £95.6m because of the fall in Kalon's share price yesterday.

Kalon increased and made final its offer of 17 of its new shares for every 6 Manders shares, compared with its original 8-for-3 offer.

Kalon also introduced a partial cash element, which comprises 14 new Kalon shares and 300p cash for every 6 Manders shares and values the offer at £95.6m or 259p a share.

The new partial cash alternative values Manders at the equivalent of where the all-share offer closed on Thursday night with Kalon's share price at 91.5p.

However, Manders share price remained resolutely stuck below the offer prices, and even fell yesterday from 244p to close at 238p.

Manders said the offer remained inadequate.

A Kalon adviser described the bid as "a hostile merger", and added: "We have said to Manders shareholders that we will give you a fair share of the merged cake and we will manage your assets better.

"We are not there to buy them out for cash and it's really an argument about management."

The bid closes two days early on August 21.

Etonbrook EGM defeats rebel shareholder

By Roland Rudd

The extraordinary meeting of Etonbrook Properties yesterday defeated attempts by a rebel shareholder to change the board.

However, the board's proposals to repay preference shares failed by 2.8 per cent to achieve the 75 per cent required.

Mr Jonathan Harris, chairman of the former BES company which came to the market last year, said he would put the proposals to shareholders again.

The restructuring would enable the company to make a 25p per share capital repayment and a 2.75p dividend.

Mr Andrew Perloff, who through three companies and a personal stake controls 15 per cent of Etonbrook, had urged shareholders to vote against the capital restructuring and remove the chairman and Mr Keith Moss, managing director.

He said information from the accounts showed that companies associated to its directors had taken £1.5m in fees since 1988, compared with payments to ordinary shareholders of £105,342 over the same period.

The company argued that the fees were partly due to the ordinary running of the company, and partly a board incentive set up under the BES.

Mr Perloff also failed to secure a seat on the board for himself and Mr Malcolm Bloch.

Fairway static at £655,000

Fairway Group, the USM-quoted distributor of business and computer stationery, maintained its pre-tax profit at £656,000 in the opening half of 1992, against £655,000 last time.

That came from doubled turnover of £14m (£6.76m), as GLS Fairway and Tonbridge Trade Binders were included throughout the period.

Although GLS achieved a pre-tax profit of £138,000 in June, it incurred a loss of £10,000 for the six months; last year only June was included for which there was a profit of £109,000.

The directors said it seemed likely that significant profits would now be made by GLS in the second half and orders for July supported that.

Earnings per share fell to 1.49p on increased capital (2.58p) and the interim dividend is again 1p.

US holders act on BP dividend cut

By Alan Friedman in New York

A CLASS action lawsuit was filed against British Petroleum and its directors in a New York federal court yesterday by US shareholders upset at the company's decision to halve its second quarter dividend.

It charges that BP directors failed to state, or misrepresented, material facts concerning the company's financial performance.

The suit cites a BP news release of June 25 that said BP's policy of dividend payments to holders of the company's American Depository Receipts would remain unaltered, and that management changes would not result in any "significant" changes.

Lawsuits of this sort are extremely common in the US.

BP, from its US headquarters in Cleveland, said it could not comment on the lawsuit because it did not have any details. "We have not had a chance to read the lawsuit."

Henlys in export deal with Volvo Bus

By Maggie Urry

HENLYS GROUP, the motor trader, bus and coach body builder and distributor, has agreed an export and technical deal with Volvo Bus, the bus manufacturer.

Yesterday was the second closing date of a £22.9m hostile bid for Henlys from T Cowie, a rival motor trader with bus and coach activities. The offer was extended to August 14.

Cowie's 1-for-3 share offer is worth 60½p per Henlys share. Cowie's shares closed yesterday at 121p, down 3p, and Henlys' at 69p, down 1p.

The export agreement involves Volvo Bus acting as distributor for Henlys' Plaxton coaches in Europe and around the world, with a target of 300 coaches a year, worth £15m. This is to run for five years from October 1. Henlys currently only supplies the UK market for coaches, but has been looking to build up exports.

There is also a technical co-operation agreement, under which Volvo will provide two production managers for Plaxton's plant in Scarborough.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales			
	Provisional Prices for Trading on [illegible]	Final Prices for Trading on 11.07.92	
1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.86	21.81	23.27
0100	19.84	20.07	21.47
0130	19.72	20.07	21.47
0200	19.72	20.07	21.48
0230	19.72	20.07	21.48
0300	19.72	20.07	21.48
0330	19.72	20.07	21.48
0400	19.72	20.07	21.48
0430	19.72	20.07	21.49
0500	19.72	19.86	21.29
0530	19.44	19.73	21.13
0600	19.44	19.73	21.13
0630	19.44	19.94	21.40
0700	19.64	19.94	21.43
0730	19.55	21.79	23.35
0800	22.88	22.69	24.25
0830	24.91	23.26	24.85
0900	24.36	26.04	27.88
0930	28.61	26.78	28.43
1000	29.00	27.33	28.98
1030	29.00	27.98	29.59
1100	29.00	27.98	29.54
1130	29.00	28.00	29.66
1200	28.65	28.00	29.68
1230	28.61	28.00	29.66
1300	25.35	27.98	29.57
1330	25.35	26.78	28.35
1400	24.59	26.02	27.58
1430	24.59	24.91	26.45
1500	22.88	24.91	26.45
1530	21.37	23.50	24.89
1600	22.88	24.19	25.71
1630	22.88	24.19	25.70
1700	24.59	24.91	26.45
1730	27.99	28.67	30.32
1800	27.99	28.67	30.32
1830	27.99	28.67	30.35
1900	24.59	28.67	30.54
1930	22.88	24.91	26.45
2000	21.03	23.28	24.75
2030	21.37	23.28	24.75
2100	22.22	22.43	23.81
2130	27.99	27.98	29.67
2200	27.99	28.00	29.65
2230	27.99	28.00	29.66
2300	22.22	27.98	29.68
2330	21.37	22.43	23.93
2400	19.85	21.79	23.36

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to [illegible]

NEWS DIGEST

Wholesale Fittings cuts final

WHOLESALE Fittings, distributor of electrical goods, is cutting its final dividend from 13.39p to 8.47p as pre-tax profits for the year ended April 30 1992 dropped from £4.26m to £2.51m.

This gives a total dividend for the year of 11.7p, a decrease of 29.6 per cent and representing the whole of the earnings per share. Last year the payment was 16.62p from earnings of 19.7p.

Mr Dennis Rose, chairman, said the group's financial position must be maintained and improved, and it would not be appropriate to pay a dividend in excess of earnings.

Sales slipped to £62.2m (£63.3m) and the chairman believed that was a creditable performance, particularly as the high rate of business failures had meant introducing an even firmer policy of vetting potential customers.

Trading margins remained under pressure – operating profit fell to £2.21m (£4.24m) – and bad debts were abnormally high.

Lasmo sells US gas prospect

Lasmo, the oil and gas concern, has sold its interest in the Willow Bayou gas prospect in Louisiana, to Plains Resources as part of its ongoing effort to divest its upstream US activities.

Under the terms of the deal, Lasmo will acquire 600,000 common shares in Plains, equivalent to a 5.4 per cent stake, currently valued at $8.55m (£4.47m).

The deal gives Plains, the operator of Willow Bayou, a total working interest of 92 per cent in the prospect before payout. Last October it announced a gas discovery which is being appraised.

£113,000 loss for revamped West Tst

Results from West Trust for the year ended March 31 1992 reflect the diversification into the food industry with the acquisition of Indo African and the reduced dependence on textiles via the sale of the largest subsidiary, Indo African Exports, to management.

There was a loss before tax of £113,000, compared with a profit of £458,000. Continuing businesses made an operating surplus of £250,000 (£342,000) and discontinued activities incurred a loss of £112,000 (profit £362,000).

Turnover on continuing activities came to £6.48m (£6.18m) while the discontinued side produced £3.49m (£10.2m).

Losses per share came to 0.17p (earnings 0.79p) but the dividend is again 0.25p on increased capital, as indicated in February.

Mr Philip Lovegrove, chairman, said Bart Spices contributed £55,000 before tax, which was one month as part of the group. Its performance in the current year was well up to expectations and should produce an improved result.

Conditions in the textile industry remained depressed, so that net profit of the two retained subsidiaries was £48,000. Indo African incurred a loss of £112,000.

SEET reduces losses to £630,000

Pre-tax losses at SEET, the Edinburgh-based textile company, were halved in the year to April 30. However the shares still shed 6p to close at 42p.

On turnover of £7.14m (£5.94m) pre-tax losses were £630,000 (£1.25m). Losses per share were 15.6p (24p). An extraordinary profit of £260,000 (£123,000) cut the attributable loss to £364,000 (£840,000).

Mr Jock Mackenzie, chairman, said that Peter MacArthur and Co. had made good use of the increasing popularity of tartans to increase sales and profits and now had a healthy order book. Kenneth Mackenzie Holdings increased turnover and reduced its losses significantly.

The Homemaker retail side, in which SEET has a 46 per cent interest, reported a small trading profit for the year.

As expected the sale of Homemaker did not take place but SEET has reached agreement with the original vendors under which it has received £350,000 from the vendors and £150,000 from Homemaker. Further payments totalling £900,000 are due over the next four years provided Homemaker remains within the group.

Should Homemaker be sold before August 1996 SEET will receive 65 per cent of the proceeds. In the present year Mr Mackenzie said that all companies were trading at a more profitable level than in the comparable period.

Oglesby & Butler returns to the black

Following the completion of the reorganisation phase of its development plan, Oglesby & Butler, which makes and distributes electrical, electronic and gas-powered tools and accessories, returned to the black in the year to March 31.

Net profits were I£277,000 (£260,000) compared with losses of I£372,000 previously. The directors said that further cost reductions and reduced inventory levels had been achieved following the plan to invest in equipment to make certain equipment in house.

They said they were committed to developing the group, further strengthening the balance sheet and restoring dividend payments.

Sales, which fell from I£4.33m to I£3.62m, "must await improved conditions in world markets" for growth. Earnings per share amounted to 2.39p (3.2p losses).

Flagstone deeper in red with £2.5m

Flagstone Holdings, the marine and leisure, property and light industrial services group, fell deeper into the red in the year to January 1 with pre-tax losses of £2.5m, against £934,000.

The directors said that because of uncertainty over future working capital and the possible uncertainty over the realisable value of the assets, the auditors were expected to qualify their report. In the meantime, the directors were not drawing salaries.

Although turnover rose to £1.11m (£956,000) cost of sales were £1.42m (£1.06m). In addition, this time there was a £625,000 investment property write-down and a £400,000 exceptional debit. Losses per share deepened to 1.58p (0.68p).

A wholly-owned subsidiary, Universal Shipyards (Solent), is disposing of the demonstration yacht, Universal Hartbeat, for £40,000 in cash to Fawdry and Evans (Management), in which Mr John Harding, managing director of Flagstone, is interested.

Trimoco says ignore Hartwell offers

Mr Roger Smith, chairman of Trimoco, the Dunstable-based motor dealer, has written to shareholders advising them "to ignore any documents or announcements which may be issued by Hartwell or its advisers and to take no action in regard to the offers."

Trimoco said that the terms of the offers, which are 17.5p a share for the outstanding equity and £175 for each £100 nominal of the 11¼ per cent guaranteed convertible unsecured loan stock, significantly undervalued the company.

Hartwell, a fellow motor dealer, is ultimately owned by a discretionary trust set up by Mr Adbul Jameel.

ECONOMIC DIARY

TOMORROW: Closing cermemony of the Olympic Games.

MONDAY: Central Statistical Office publishes credit business (June). Mr George Bush, US president, and Mr Yitzhak Rabin, Israeli prime minister, meet in Kennebunkport, Maine.

TUESDAY: Central Statistical Office issues producer price index numbers (July). Target date for Brazilian congressional committee investigating government corruption charges to present its findings in Brasilia. Interim figures from British Airways and General Accident.

WEDNESDAY: The Scottish Office announces index of production for Scotland (first quarter). US producer price index (July); housing completions (June). Confederation of British Industry due to release quarterly regional trends. Interim results from Commercial Union and De Beers.

THURSDAY: The Department of Employment publishes labour market statistics; unemployment and unfilled vacancies (July-provisional); average earnings indices (June-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Overseas earnings of the City (1991). Advance energy statistics from the Department of Trade and Industry and provisional figures of vehicle production (July) from the SMMT. Central Statistical Office publishes index of production (June). Bank of England issues figures for capital issues and redemptions (July). US retail sales (July); consumer price index and real earnings. Japanese corporate bankruptcies (July). Sentencing hearing in Atlanta for Mr Christopher Drogoul, former manager of BNL-Atlanta, in Italian bank loan scandal which benefited Iraq. Third quarter results from Hanson.

FRIDAY: Usable steel production (July). Retail prices index and tax and price index (July). US industrial production (July). Commissions of Czech and Slovak parliaments meet in Prague

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Friday August 7 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj 1992 to date	Thu Aug 6 Index No.	Wed Aug 5 Index No	Tue Aug 4 Index No	Year ago (approx.) Index No.	1992 High		1992 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (175)	713.04	−1.3	8.27	6.30	15.47	20.52	722.12	726.45	734.40	826.26	929.04	20/5	713.04	7/8	1038.07 16/7/87	50.71 13/12/74
2 Building Materials (23)	724.12	−2.3	7.53	7.73	18.04	25.58	740.88	743.35	756.43	1047.84	1121.52	11/5	724.12	7/8	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (27)	573.29	−2.4	6.11	10.45	35.65	25.20	587.68	593.62	609.68	1134.50	1069.64	11/5	573.29	7/8	1951.50 16/7/87	71.48 2/12/74
4 Electricals (9)	2119.11	−1.5	8.13	7.09	15.92	68.82	2151.85	2178.59	2190.37	2423.16	2758.50	22/5	2119.11	7/8	3040.80 8/9/89	84.71 25/6/62
5 Electronics (27)	1876.76	−0.7	8.59	4.61	14.52	45.48	1890.47	1907.45	1901.25	1709.54	2080.64	13/5	1655.93	13/1	2308.22 19/5/89	1229.01 8/10/85
6 Engineering-Aerospace (6)	304.61	−1.0	11.96	8.55	10.58	11.27	307.83	309.20	303.49	413.58	406.10	20/5	294.30	28/7	502.42 13/6/90	294.30 28/7/92
7 Engineering-General (43)	428.98	−1.9	9.51	5.63	13.16	11.44	436.82	438.99	445.07	456.18	567.62	20/5	428.38	7/8	567.62 20/5/92	339.57 23/1/91
8 Metals and Metal Forming (7)	277.89	−0.9	6.02	7.93	24.34	7.18	280.18	280.61	285.35	432.32	379.31	18/5	277.69	7/8	596.67 9/10/87	49.65 6/1/75
9 Motors (14)	310.13	−0.6	8.66	7.60	15.20	10.14	311.95	316.65	320.01	331.68	403.06	21/5	277.78	10/1	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (19)	1572.28	−0.8	7.88	5.28	15.28	38.28	1584.72	1591.06	1616.89	1586.32	1906.65	11/5	1495.50	2/1	1906.65 11/5/92	277.55 15/1/81
21 CONSUMER GROUP (191)	1509.22	−0.9	8.10	3.81	15.15	26.58	1523.24	1531.36	1543.74	1510.58	1761.38	11/5	1509.07	27/7	1761.38 11/5/92	61.41 13/12/74
22 Brewers and Distillers (25)	1936.55	−0.7	8.59	3.78	14.04	37.26	1951.13	1965.67	1972.73	1849.54	2278.85	11/5	1921.55	27/7	2278.85 11/5/92	69.47 13/12/74
25 Food Manufacturing (19)	1170.84	−0.3	9.22	4.51	13.42	26.01	1174.05	1180.56	1183.48	1192.08	1327.80	11/5	1158.36	27/7	1327.80 11/5/92	59.67 11/12/74
26 Food Retailing (18)	2674.92	−1.9	9.11	3.41	14.30	44.70	2726.31	2741.15	2764.33	2643.39	2998.16	18/5	2293.80	10/1	2998.16 18/5/92	54.25 11/12/74
27 Health and Household (24)	3765.49	−0.8	7.36	2.84	15.47	37.92	3794.44	3788.78	3830.17	3585.97	4654.94	14/1	3680.94	2/7	4654.94 14/1/92	175.38 28/5/80
29 Hotels and Leisure (18)	1059.32	....	7.57	6.46	17.17	33.45	1059.85	1089.80	1103.88	1311.04	1450.36	13/5	1059.32	7/8	1545.77 8/9/89	54.83 9/1/75
30 Media (27)	1423.72	−0.4	7.12	3.71	17.49	27.19	1429.97	1444.76	1453.50	1443.52	1721.09	11/5	1402.70	8/1	1721.09 11/5/92	1166.91 16/1/91
31 Packaging, Paper & Printing (17)	715.91	....	7.20	4.62	16.83	14.76	716.26	721.11	725.03	743.56	875.53	13/5	712.10	27/7	875.53 13/5/92	43.46 6/1/75
34 Stores (34)	935.80	−2.0	8.07	3.99	16.37	16.96	954.97	957.29	969.24	973.01	1135.66	27/4	935.80	7/8	1160.58 29/7/87	52.63 6/1/75
35 Textiles (9)	602.06	−1.2	8.06	5.15	15.46	14.72	609.43	610.87	620.03	594.44	756.70	8/5	587.29	8/1	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (117)	1184.50	−0.7	10.50	5.58	11.85	31.17	1193.15	1197.56	1201.72	1260.23	1359.32	11/5	1140.56	3/4	1359.32 11/5/92	58.63 6/1/75
41 Business Services (17)	1214.72	−1.1	6.92	4.25	17.65	21.03	1228.62	1227.84	1228.03	1334.56	1511.16	11/5	1194.73	27/7	1511.16 11/5/92	892.26 1/2/91
42 Chemicals (22)	1320.08	−0.2	7.39	5.51	16.80	33.10	1323.25	1323.80	1332.18	1442.15	1629.99	8/5	1293.14	27/7	1629.99 8/5/92	71.20 1/12/74
43 Conglomerates (10)	1180.77	−1.1	10.58	7.95	11.84	24.83	1193.96	1213.28	1217.89	1466.71	1509.94	11/5	1163.13	27/7	1819.46 11/8/89	975.19 10/11/87
44 Transport (14)	2207.10	−1.2	8.95	5.34	13.78	55.92	2234.38	2245.42	2222.08	2281.97	2790.11	20/5	2177.49	27/7	2790.11 20/5/92	90.80 29/6/62
45 Electricity (16)	1278.78	....	15.51	5.74	8.17	38.33	1278.12	1283.70	1299.36	1209.06	1371.71	7/7	1044.63	7/4	1371.71 7/7/92	994.96 7/1/91
46 Telephone Networks (4)	1358.59	−0.8	11.13	4.86	11.71	46.12	1369.96	1371.80	1370.51	1509.59	1505.86	22/5	1274.20	3/4	1658.67 2/10/91	517.92 30/11/84
47 Water (11)	2694.57	−1.5	16.63	6.42	6.66	86.85	2736.45	2710.46	2750.11	2361.05	2934.20	11/5	2140.95	8/4	2934.20 11/5/92	1820.20 1/5/90
48 Miscellaneous (23)	1934.34	−0.5	6.86	5.23	18.30	29.19	1944.20	1961.45	1971.01	1985.64	2167.85	11/5	1770.94	3/1	2167.85 11/5/92	60.39 6/7/75
49 INDUSTRIAL GROUP (483)	1205.90	−0.9	8.91	4.81	13.95	26.94	1217.05	1223.03	1231.72	1263.95	1427.97	11/5	1205.90	7/8	1427.97 11/5/92	59.01 13/12/74
51 Oil & Gas (17)	1756.72	−2.6	8.77	6.94	14.92	63.73	1803.19	1836.05	1850.05	2412.53	2226.66	2/1	1756.72	7/8	2528.70 3/8/90	87.23 29/5/62
59 500 SHARE INDEX (500)	1261.05	−1.1	8.89	5.02	14.04	29.89	1274.79	1282.72	1291.90	1362.06	1493.99	11/5	1261.05	7/8	1493.99 11/5/92	63.49 13/12/74
61 FINANCIAL GROUP (84)	668.22	−1.4	–	6.77	–	20.17	677.41	682.28	685.19	817.93	802.65	20/5	637.33	3/4	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	906.46	−1.0	7.07	6.08	20.38	24.58	915.76	914.59	913.62	944.63	1026.34	20/5	790.95	3/4	1026.34 20/5/92	62.44 12/12/74
65 Insurance (Life) (6)	1368.73	−1.2	–	6.51	–	44.26	1385.56	1410.47	1437.85	1564.93	1613.38	21/5	1243.61	6/4	1632.53 4/9/91	44.88 2/1/75
66 Insurance (Composite) (7)	433.03	−2.4	–	8.04	–	13.46	443.59	453.05	452.35	676.98	564.54	13/5	418.66	27/7	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	730.36	−2.5	10.61	8.89	12.39	30.14	749.03	757.53	758.17	1160.08	1031.35	27/1	730.36	7/8	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (7)	419.29	−1.4	–	5.15	–	11.25	425.26	427.03	427.66	445.64	521.89	22/5	405.18	7/4	547.59 12/10/87	31.21 7/1/75
69 Property (30)	508.93	−1.9	11.81	8.97	11.36	20.31	518.94	530.95	544.55	909.82	799.69	20/1	508.93	7/8	1398.87 5/9/89	56.01 20/4/65
70 Other Financial (15)	229.34	−0.7	8.01	7.54	16.89	6.63	230.96	232.36	232.94	251.79	271.79	26/5	221.16	7/4	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (70)	1071.83	−0.7	–	4.19	–	20.64	1078.91	1085.33	1085.29	1216.03	1273.08	11/5	1071.83	7/8	1323.81 4/1/90	71.12 13/12/74
99 ALL-SHARE INDEX (654)	1119.23	−1.1	–	5.21	–	27.23	1131.71	1138.88	1146.41	1229.72	1326.36	11/5	1119.23	7/8	1326.36 11/5/92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 6	Aug 5	Aug 4	Aug 3	Jul 31	Year ago	1992 High		1992 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2350.1	−27.5	2368.3	2344.9	2377.6	2392.8	2407.5	2420.2	2399.6	2570.6	2737.8	11/5	2348.0	27/7	2737.8 11/5/92	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Aug 7	Day's change %	Thu Aug 6	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (23)	121.23	+0.20	120.98	1.89	7.91
2 5-15 years (25)	136.87	+0.26	136.50	1.89	8.55
3 Over 15 years (8)	148.75	+0.36	148.21	1.89	7.62
4 Irredeemables (6)	167.12	+0.07	167.00	2.81	7.34
5 All stocks (62)	134.56	+0.26	134.22	1.92	8.37
Index-Linked					
6 Up to 5 years (2)	172.30	+0.09	172.14	1.35	1.83
7 Over 5 years (10)	148.39	+0.13	148.20	0.65	3.09
8 All stocks (12)	150.50	+0.12	150.32	0.73	2.90
9 Debs & Loans (62)	120.44	+0.14	120.27	2.97	6.53

AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 7	Thu Aug 6	Year ago (approx.)	1992 High		1992 Low	
British Government								
1 Low	5 years	8.62	8.67	8.92	9.43	2/4	7.91	1/6
2 Coupons	15 years	8.92	8.94	9.70	9.72	1/4	8.65	9/7
3 (0%-7¾%)	20 years	8.92	8.94	9.70	9.72	1/4	8.65	9/7
4 Medium	5 years	9.49	9.54	10.06	10.28	1/4	9.01	3/7
5 Coupons	15 years	9.11	9.14	9.88	9.82	1/4	8.84	1/6
6 (8%-10¾%)	20 years	9.03	9.06	9.83	9.76	1/4	8.81	2/6
7 High	5 years	9.72	9.77	10.24	10.50	1/4	9.22	3/7
8 Coupons	15 years	9.31	9.33	9.99	9.96	1/4	9.00	22/5
9 (11%-)	20 years	9.21	9.23	9.90	9.86	1/4	8.95	22/5
10 Irredeemables	†	9.18	9.18	9.89	9.92	2/4	8.95	14/7
Index-Linked								
11 Inflation rate 5%	Up to 5yrs	4.41	4.42	4.42	4.42	6/8	3.52	4/3
12 Inflation rate 5%	Over 5 yrs	4.57	4.57	4.39	4.60	6/4	4.27	17/2
13 Inflation rate 10%	Up to 5 yrs	3.69	3.69	3.52	3.69	7/8	2.86	4/3
14 Inflation rate 10%	Over 5 yrs	4.39	4.40	4.21	4.42	6/4	4.07	17/2
15 Debs &	5 years	10.67	10.68	11.72	11.51	6/4	10.30	8/6
16 Loans	15 years	10.45	10.47	11.46	11.22	6/4	10.07	1/6
17	25 years	10.32	10.33	11.27	11.02	6/4	9.98	1/6

‡Opening index 2368.3; 9 am 2367.4; 10 am 2365.2; 11 am 2356.3; Noon 2349.3; 1 pm 2350.5; 2 pm 2351.3; 2.30 pm 3; pm 4.10; pm (a) ; (b)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323.

LIFFE EQUITY OPTIONS

[illegible]

Option							
Utd Biscuits (*311)	300	24	33	36	9	13	18
	330	6½	17	21	25	29	35
Unilever (*953)	950	42	65	82	27	37	42

Option		Aug	Nov	Feb	Aug	Nov	Feb
Brit Aero (*210)	200	13	35	43	7	27	28
	220	7	25	34	17	38	39
	240	3	18	27	35	50	53

Option							
British Gas (*226)	220	13	16½	22	4½	11½	13
	240	4½	8½	12	16	24	24
Dixons (*192)	180	22	31	34	3½	9	11
	200	8	19	23	11	19	18
Eurotunnel (*325)	300	40	58	67	8	20	27
	330	22	42	51	22	32	40

Oct	25	34	50	71	97	131	170	216
Nov	32	43	60	79	105	135	173	216
Dec	34	–	65	–	110	–	178	–
Jan*	–	–	90	–	130	–	193	–

August 7 Total Contracts 20,569
Calls 10,456 Puts 10,113
FT-SE Index Calls 4,924 Puts 5,729
Euro FT-SE Calls 391 Puts 774
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

	p								
INDUSTRIALS		Charter Cons.	37	Ladbroke	18	Sears	8½	**OILS**	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	**MINES**	
Bowater	60	Glaxo	52	Racal Elect	5½	**PROPERTY**		RTZ	47
Brit Aerospace	28	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	95	Reed Intl	44	Mountleigh	1½		

GTE to sell its lighting operations for $1.1bn

By Martin Dickson in New York

GTE, the US telecommunications group, has agreed to sell its worldwide lighting business to Siemens of Germany and a consortium of international investors advised by London-based Citicorp Venture Capital in two separate deals worth $1.1bn.

GTE put the business, best known for its Sylvania brand light bulbs, up for sale last September, saying it wanted to focus its resources more fully on the telecommunications business.

Osram, the Munich-based light bulb subsidiary of Siemens, will buy the North American part of the business, which has operations in the US, Canada and Puerto Rico.

The international consortium, which is taking the name of Sylvania Lighting International, will acquire the operations in Europe, the Far East, Latin America and Australia.

GTE declined to name members of the investor group or break out details of the two transactions, but Osram is believed to have paid the larger amount. The $1.1bn includes the assumption of about $100m in debt.

Osram will increase its sales by some 70 per cent, to about $3bn, through the deal, and boost its employment from 16,400 people to about 29,000.

GTE is getting a little less than Wall Street forecast when the business was put up for sale, but analysts yesterday said they were glad the company had finally got out ot the lighting business.

The deal excludes two other subsidiaries in GTE's electrical products group, Valenite, which makes cutting tools, and Control Devices, which makes circuit breakers. They have a book value of about $200m.

GTE said that when these were sold, the group expected to "break even" on its electrical disposals, with no charge or gain against the division's $1.4bn book value.

The divestiture is the latest of many disposals of non-core assets in recent years by GTE, which has simultaneously been building up its telecommunications assets, most notably by the $6bn acquisition of US regional group Contel in 1990, and last year's deal which gave it operating control of CANTV, the Venezuelan telephone company.

Toshiba venture with Ericsson

By Gordon Cramb in Tokyo

ERICSSON of Sweden yesterday announced a link-up with Toshiba to install and service equipment for Japanese digital mobile telephone networks, in a joint venture which they said could lead to further areas of co-operation.

The unit, Ericsson Toshiba Telecommunication Systems, will be 60 per cent owned by the Swedish company. It expects sales of Y32bn ($251.9m) in 1994, the year its prime customer, Digital Phone Group, is due to begin its service.

Ericsson, which claims 40 per cent of the world market in cellular mobile telephone systems, was already under contract to Digital Phone to supply base stations and exchange systems to its first two operating areas in Tokyo and Osaka.

Digital Phone, which has backers including the national Japan Railways, plans a countrywide service by the year 2000.

By then, Toshiba expects some 10m sets to be in use in the recently deregulated sector with Digital Phone competing against Nippon Telegraph and Telephone, the semi-privatised domestic telecoms utility, and three or four others, not all of which would have a nationwide network. Digital Phone is to begin by serving Tokyo, Osaka and the Tokai area of central Japan.

Manufacture of the systems, which will incorporate Toshiba parts, will stay in Sweden and outside the venture, although at a press conference in Tokyo yesterday the companies said this could be reviewed later. Toshiba's production of cellular handsets is excluded from the deal.

Mr Shiro Matsuo, a Toshiba senior vice-president, said it would "like to take this as the basis for exploring further possibilities together". Mr Gunnar Eriksson, head of Ericsson's radio systems side, said it did "not want to limit co-operation" to the one project.

Both sides described Toshiba's 40 per cent minority stake in the venture as an "appropriate" level.

Continental Airlines gets investment proposal

CONTINENTAL Airlines, which is operating in Chapter 11 bankruptcy, said it has received an investment proposal from Houston Air, a new company owned by Mr Alfredo Brener of Houston, Reuter reports from Houston.

Continental said Houston Air would invest $385m in cash in exchange for $325m in notes and $60m of equity securities.

Continental, the fifth biggest airline in the US, has been seeking an outside investor in order to emerge from Chapter 11 which it filed for in December 1990.

The bid compares with the $350m offered last month by Maxxam, conglomerate led by Mr Charles Hurwitz, a Houston financier. His group signed a preliminary agreement with Continental to buy 72 per cent of the airline.

A bankruptcy court judge in Delaware approved the deal but gave other interested parties 10 days to make bids. That period ended on August 2.

Air Canada, led by Mr Hollis Harris, the former Continental chief executive officer has expressed interested but the Montreal-based carrier has not yet made an offer.

Mr Brener's family is the largest independent shareholder in Mexico City-based Mexicana Airlines, once the largest carrier in Mexico that has fallen behind rival Aeromexico in market share.

Kerkorian expresses concern over Iacocca's leadership at Chrysler

By Karen Zagor in New York

MR KIRK Kerkorian, the septuagenarian US investor, is finally rattling his sabre at Chrysler by indicating that he is no longer content to remain a passive investor.

This move comes nearly two years after Mr Kerkorian baffled Wall Street by paying $270m for a 9.8 per cent stake in the third biggest US car maker.

In a letter attached to a filing with the Securities and Exchange Commission, Mr Kerkorian said recent events "have made me concerned about Mr Iacocca's continued leadership role in the company and led me to question whether the interests of the shareholders now require strengthened representation on the board of directors. I have reluctantly concluded they do".

Mr Lee Iacocca, the company's high-profile chairman, recently announced his intention to step down at the end of this year.

Mr Kerkorian said he had made his investment after being assured that Mr Iacocca would remain as chairman through 1994.

Mr Kerkorian has called for a prompt meeting between his representatives and a group of board members to "resolve these important issues".

Chrysler was unwilling to comment about the letter yesterday morning, and it was unclear what the auto maker would do in response to Mr Kerkorian's challenge.

When Mr Kerkorian made his unsolicited investment in December 1990, Chrysler immediately fortified its "poison pill" anti-takeover defences.

The thrust of that move reduced the proportion of Chrysler shares one party has to buy to trigger its poison pill to 10 per cent from 20 per cent. In addition, shareholders, other than the 10 per cent holder, have the right to buy Chrysler stock at half price.

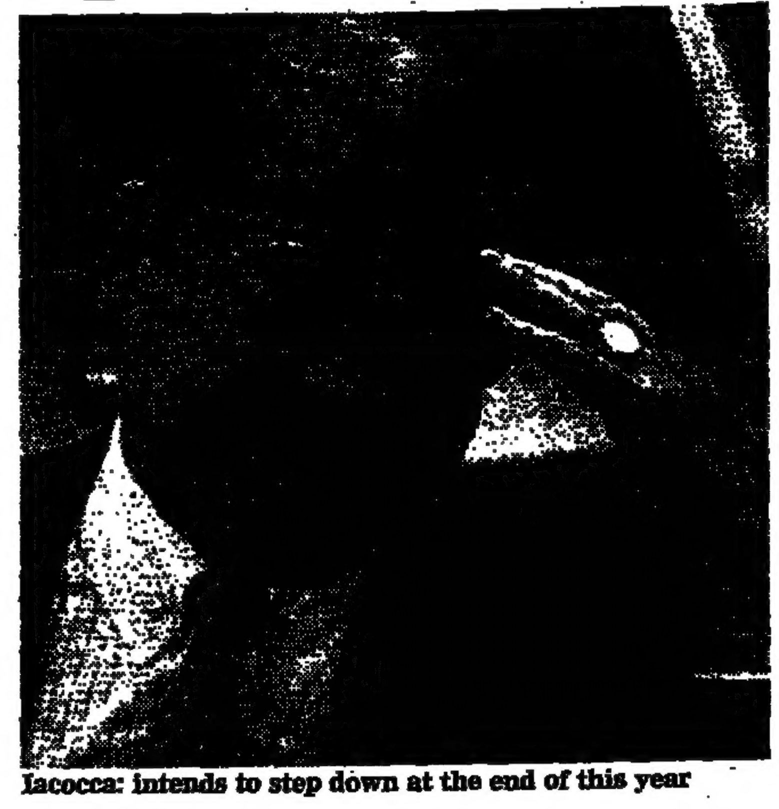
Mr Kerkorian's options at Chrysler are limited. The poison pill prevents him from launching a takeover bid, but he could press for some form of board representation and he could also embark on a proxy fight.

Certainly, Chrysler's financial picture has improved substantially since Mr Kerkorian made his investment.

The company recently reported surprisingly strong second-quarter results. Furthermore, it is introducing several new models this year which are crucial to the company's future. These have been warmly received by analysts.

On Wall Street, shares in Chrysler slipped $½ to $20⅞ at mid-session.

The stock was trading at around $12 when Mr Kerkorian took his stake.



Iacocca: intends to step down at the end of this year

Creditor banks divided over Prima proposals

CREDITOR banks were yesterday divided in their response to debt repayment proposals made this week by Prima Inmobiliaria, one of the Kuwait Investment Office's troubled Spanish holdings, Reuter reports from Madrid.

Two of the company's largest creditors, Banco Central Hispano and the state-owned Argentaria group, have declined to give written acceptance of the proposals and will hold further negotiations next week.

Other creditors, among the 60 banks attending a meeting called by Prima, have accepted the deal which involves delaying principal payments for two months until a more comprehensive debt restructuring plan can be worked out.

The KIO has undertaken to provide Pta3.5bn ($37.2m) to service interest during the period on the loans, the bulk of which are covered by mortgage guarantees.

Den Danske Bank moves to stabilise confidence

By Hilary Barnes in Copenhagen

DEN DANSKE Bank has brought forward publication of its half-year interim report in the hope that this step would stabilise international confidence in the Danish banking system.

This follows Thursday's announcement of a DKr1.5bn ($897m) first-half loss by Unibank, the country's second largest bank, and the resignation of the bank's chief executive.

Danske reported a pre-tax profit of DKr6m, down from DKr1.5bn in the first half of last year, but Mr Sorensen described the result as "satisfactory in the circumstances".

The result was drawn down by a loss on the value of securities of DKr335m. Last year, this item lifted profits by showing an increase of DKr1.29bn.

Mr Knud Sorensen, Danske's chief executive, as well as the chairman of the Danish Bankers' Association, yesterday dismissed suggestions that the situation in Danish banking is comparable with Norway and Sweden.

"Of course, there is not a Swedish-Norwegian situation in Denmark. The Danish banks are much better capitalised," he said. Danske's capital adequacy ratio is 11 per cent and Unibank's is 10.6 per cent.

The result this year included the encouraging news that loss provisions have fallen to DKr1.04bn from DKr1.34bn last year. Provisions this year are equal to 0.56 per cent of outstanding loans and guarantees.

This year's report includes an extraordinary costs item of DKr228m, which covers redundancy payments. Staffing at the bank will fall by 10 per cent this year. The staff cuts contributed to a fall in the bank's operating costs of DKr100m to DKr3.29bn.

Mr Sorensen declined to make a forecast for the rest of the year but he noted that loss provisions were likely to remain high.

The group's balance sheet total was reduced by DKr20bn to DKr357bn, mainly by bringing down engagements with foreign banks. Deposits increased by DKr6bn to DKr152.9bn, while advances fell by DKr15bn to DKr168.5bn, reflecting a cautious lending policy, said the bank.

● Hafnia, Denmark's troubled insurance group, announced that staffing in its Danish companies would be reduced from 2,500 people to 2,000 this autumn.

Swiss Volksbank slips 8% in first six months

By Ian Rodger in Zurich

SWISS VOLKSBANK, Switzerland's fourth largest bank, has reported an 8 per cent slide in its pre-tax profits to SFr172m ($130.3m) in the first half.

The bank shied away from a forecast for the full year, observing that its first-half result had been "positively influenced partly by volatile earnings factors".

"Our overall result will be decisively influenced by the future development of interest rates as well as by our provisioning requirements," Volksbank said.

Gross revenue fell 2.7 per cent to SFr581m because of an 11 per cent slump in interest income to SFr323m. Commission business was up 10 per cent to SFr121m and trading gained 8.3 per cent to SFr117m.

Costs fell 0.2 per cent to SFr409m in response to cost cutting measures, and the bank has announced a new rationalisation programme that would involve eliminating 500 jobs by the end of 1993.

● Holvis Holzstoff, the Swiss distribution and nonwoven fabrics group, said sales advanced 5.5 per cent in the first half to SFr428.3m. It forecast turnover growth of about 8 per cent for the full year and expected the profit margin to be equal to or slightly better than that achieved last year.

Molex ahead in final quarter

By Barbara Durr in Chicago

MOLEX, a leading US electronic components company, reported fourth-quarter net income of $19.6m, or 39 cents a share, up from $17.2m, or 35 cents. Revenues in the quarter rose 11.5 per cent to $208.2m from $186.8m.

For its full fiscal 1992 year, Molex increased its net income to $67.5m, or $1.35 a share, from $64.6m, or $1.30. Revenues for the year were a record $776.2m, a gain of 9.6 per cent over last year's $708m.

Molex, a Fortune 500 company with operations in 20 countries, said its results exceeded the general performance of the electronic connector industry.

Research and development spending rose 17 per cent to $47.6m in the year.

Canadian retail chain slumps in second period

By Robert Gibbens in Montreal

THE RECESSION and special charges reduced George Weston's second-quarter profit by about 90 per cent.

The Weston family's main Canadian holding company earned C$3.8m (US$3.22m) or 3 cents a share, down from C$51.3m or C$1.06 a share a year earlier, on sales of C$2.68bn against C$2.6bn. Both periods included special items. On an operating basis profit fell 43 per cent to C$38.8m.

● Canadian Tire, a national retailer, also felt the impact of the recession, earning C$43.1m in the second half, against C$68.5m a year earlier.

Record precious metals output lifts Placer Dome

By Bernard Simon in Toronto

RECORD output enabled Placer Dome, the Vancouver-based precious metals producer, to shake off lower gold prices and post a one-third rise in second-quarter earnings.

Placer's share of production from 15 mines in North America, Australia, Papua New Guinea and Chile reached 505,000 ounces in the second quarter, up from 399,000 ounces a year ago. Thanks largely to rising production at the 30 per cent-owned Porgera property in Papua New Guinea, the company now expects its share of output from all mines to reach 1.9m ounces this year.

Earnings rose to US$24m, or 10 cents a share, from $18m, or 8 cents a share, a year earlier. The latest figure includes $7m in gains from the sale of investments, and severance costs of $5m. Sales climbed to $259m from $236m. Cash flow from continuing operations rose to $74m from $69m.

The average realised gold price slipped by 8 per cent to $371 per ounce, but this was offset by a steep drop in cash production costs from $231 to $184 per ounce, which marks the lowest level since late 1987. The company said that production volumes and unit costs were likely to improve further at the Kidston and Granny Smith mines in Australia, and the Bald Mountain, Campbell and Dona Lake properties in North America.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$350.95	-7.0	$358.35	$358.40	$335.20
Silver Per troy oz	204.20p	-1.30	234.60p	242.70p	201.11p
Aluminium 99.7% (cash)	$1313	-3.5	$1271.5	$1339.0	$1105.5
Copper Grade A (cash)	£1307.5	-8.0	£1324.00	£1340.5	£1125.0
Lead(cash)	£348.50	-0.75	£320.25	£383.5	£278.50
Nickel (cash)	$7347.5	-2.5	$8300.0	$8185.0	$7065.0
Zinc SHG (cash)	$1359	-1.0	$1063	$1457.5	$1108.5
Tin (cash)	$6772.5	-27.5	$5690	$7115.0	$5425.0
Cocoa Futures (Dec)	£667	+29	£697	£773	£523
Coffee Futures (Nov)	$783	N/C	$536	$1013	$676
Sugar (LDP Raw)	$264.0	-1.0	$253	$272.6	$193
Barley Futures (Nov)	£112.50	-0.15	£113.65	£123.90	£106.90
Wheat Futures (Nov)	£115.55	+1.05	£115.30	£131.85	£109.85
Cotton Outlook A Index	61.10c	-3.20	74.45c	65.90c	52.25c
Wool (64s Super)	380p	N/C	367p	480p	377p
Oil (Brent Blend)	$19.90x	-0.475	$19.525	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents lb. x-Sep.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.80-7.90y	-.125
Brent Blend (dated)	$19.65-9.80	-0.15
Brent Blend (Sep)	$19.85-9.95	-0.15
W.T.I (1 pm est)	$21.20-1.25y	-.225
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$219-221	
Gas Oil	$174-175	-2.0
Heavy Fuel Oil	$85-86	+1
Naphtha	$189-191	
Petroleum Argus Estimates.		

Other		+ or -
Gold (per troy oz)♣	$350.95	+2.30
Silver (per troy oz)♣	394.0c	+2.0
Platinum (per troy oz)	$377.25	+3.25
Palladium (per troy oz)	$87.75	+1.55
Copper (US Producer)	117.00c	
Lead (US Producer)	39.4c	+0.2
Tin (Kuala Lumpur market)	16.79r	-0.04
Tin (New York)	312.5c	-2.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	109.37p	-2.59*
Sheep (live weight)†♣	74.63p	-2.00*
Pigs (live weight)†	76.32p	-4.81*
London daily sugar (raw)	$264.0w	+1.0
London daily sugar (white)	$295.5w	+2.5
Tate and Lyle export price	£246.5	-0.5
Barley (English feed)	£118.0z	-0.5
Maize (US No. 3 yellow)	£151.5	
Wheat (US Dark Northern)	Unq	
Rubber (Sep)♥	50.00p	-0.50
Rubber (Oct)♥	50.00p	-0.50
Rubber (KL RSS No 1 Jul)	219.5r	
Coconut oil (Philippines)§	$477.5t	-2.5
Palm Oil (Malaysian)§	$375.0y	
Copra (Philippines)§	$317.5	+2.5
Soyabeans (US)	£136.5y	-1.0
Cotton "A" Index	61.10c	-0.20
Wooltops (64s Super)	380p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Sep/Oct w-Aug/Sep y-Sep z-Oct/Dec. †Meat Commission average fatstock prices.* change from a week ago ♥London physical. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX		($ per tonne)	
Raw	Close	Previous	High/Low
Oct	215.00	215.40	215.00 214.00
Dec	205.00	207.00	205.00
Mar	205.00	205.80	205.40
White	Close	Previous	High/Low
Oct	269.10	269.50	271.00 268.00
Dec	265.10	266.00	266.50 264.50
Mar	267.10	268.70	268.50 267.00
May	270.50	277.00	271.00 270.50
Aug	275.50		276.50 275.50
Oct	268.50	267.50	267.50 267.00

Turnover: Raw 79 (95) lots of 50 tonnes. White 495 (804) Paris- White (FFr per tonne): Oct 1342.16 Dec 1347.37

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Sep	19.86	20.03	20.15 19.85
Oct	19.90	20.03	20.17 19.89
Nov	19.93	20.01	20.12 19.89
Dec	19.87	19.97	20.03 19.85
Jan	19.89	19.85	19.91 19.89
Feb	19.70	19.67	19.76 19.70
IPE Index	19.95	19.88	

Turnover 21000 (25375)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Aug	178.25	180.00	182.00 177.75
Sep	181.75	183.50	185.00 181.75
Oct	185.00	186.50	188.00 185.00
Nov	187.50	188.75	190.00 187.00
Dec	189.50	190.25	192.00 189.00
Jan	189.00	189.50	191.50 189.00
Feb	185.50	186.25	185.50
Mar	180.75	182.50	181.00 180.50
Apr	179.50	179.50	181.00

Turnover 13409 (21716) lots of 100 tonnes

SPICES
Availability of Indonesian cassia is limited on the European spot market, reports Man producten. Korintji a and Vera a sticks quoted at US$1,900 a tonne cif for shipment. Seychelles cinnamon at $1,250 and Madagascar $1,150 cif. Indonesian nutmegs for shipment – abcd $1,650, shrivels $1,375, bwp $875 and mace broken 2 at $1,700, all cif europe. Madagascar cloves unchanged at $900 cif for shipment. Jamaica pimento $2,390 fob Jamaica, spot europe quoted $2,550. Indian cochin ginger limited stocks in Europe available at $1,150. New crop position Dec/Jan firmer. Nigerian ginger $300-$700, depending on quality.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Sep	635	632	635 626
Dec	667	663	667 656
Mar	695	692	695 685
May	713	711	713 706
Jul	732	729	732 725
Sep	753	747	753 743
Dec	780	773	770 768

Turnover: 4068 (3035) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 6 810.81 (817.08) 10 day average for Aug 7 793.91 (789.55)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Sep	740	735	741 725
Nov	763	755	762 745
Jan	777	770	770 761
Mar	790	788	783 777
May	798	799	791
Jul	815	814	804

Turnover:1483 (1122) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 6: Comp. daily 47.05 (47.25) 15 day average 48.14 (48.38)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	63.5	65.5	64.5 62.1

Turnover 85 (94) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Aug	117.00	118.00	117.00
Oct	116.00	118.20	117.30 116.00
Feb	120.00	122.20	121.30 119.00

Turnover 903 (143) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Aug	1085	1080	1085 1075
Sep	1130	1120	1130 1115
Oct	1210	1214	1215 1208
Jan	1245	1240	1245 1240
BFI	1069	1059	

Turnover 95 (120)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Sep	112.50	112.15	112.50 112.00
Nov	115.55	116.35	115.55 115.20
Jan	119.20	119.20	119.20 119.00
Mar	122.20	122.20	122.30 122.00
May	125.45	125.50	125.45 125.25
Barley	Close	Previous	High/Low
Sep	109.15		109.15 109.00
Nov	112.50	112.50	112.50 112.50
Jan	116.40	116.30	116.40 116.25
Mar	119.00		119.00 118.90
May	120.80		120.80 120.80

Turnover: Wheat 133 (187), Barley 129 (90).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Aug	104.2	105.0	104.0
Sep	104.0	105.0	104.0 103.5
Jan	98.5		98.5

Turnover:107 (17) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 19,747 lots	
Cash	1312.5-3.5	1311-2	1309	1308-9		
3 months	1336-7	1334-6	1337/1332	1332-2.5	1334-5	182,609 lots
Copper, Grade A (£ per tonne)					Total daily turnover 15,237 lots	
Cash	1307-8	1319-20	1313	[illegible]		
3 months	1326-7	1339-40	1333/1325	[illegible]	[illegible]	[illegible]
Lead (£ per tonne)					Total daily turnover [illegible]	
Cash	348-9	347.5-8.5	348.5	[illegible]		
3 months	357.5-8.5	356-7	359/356	[illegible]	[illegible]	[illegible]
Nickel ($ per tonne)					Total daily turnover [illegible]	
Cash	7345-50	7325-30		[illegible]		
3 months	7415-20	7390-5	7420/7370	[illegible]	[illegible]	[illegible]
Tin ($ per tonne)					Total daily turnover [illegible]	
Cash	6770-5	6775-85		[illegible]		
3 months	6805-10	6810-20	6820/6799	[illegible]	[illegible]	[illegible]
Zinc, Special High Grade ($ per tonne)					Total daily turnover [illegible]	
Cash	1358-60	1349-50	1360/1358	[illegible]		
3 months	1356-7	1355-6	1360/1356	[illegible]	[illegible]	[illegible]

LME Closing £/$ rate:
SPOT: 1.9295 3 months: 1.8961 6 months: [illegible] 9 months: [illegible]

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	350.80-351.10	
Opening	350.20-350.50	
Morning fix	349.85	182.546
Afternoon fix	349.90	181.766
Day's high	351.30-351.60	
Day's low	348.70-349.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.78	6 months	2.79
2 months	2.77	12 months	2.81
3 months	2.77		

Silver fix	p/troy oz	US cts equiv
Spot	205.10	392.75
3 months	210.30	395.90
6 months	215.45	399.25
12 months	226.35	407.70

GOLD COINS	$ price	£ equivalent
Krugerrand	349.50-351.50	183.00-185.00
Maple leaf	361.40-363.70	-
New Sovereign	85.00-87.00	44.00-46.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1300	34	69	10	23
1350	10	41	36	45
1400	3	22	77	76
Copper (Grade A)	**Calls**		**Puts**	
2450	87	103	7	46
2500	50	78	21	68
2550	25	54	45	95
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
700	42	76	3	13
750	11	45	22	32
800	1	25	62	62
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
575	61	98	1	6
600	38	78	4	11
625	22	60	12	18
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
2000	14	43	24	53
2050	4	26	66	
2100		15		

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	21.15	21.42	21.50	21.12
Oct	21.07	21.32	21.40	21.08
Nov	21.03	21.28	21.33	21.02
Dec	20.98	21.20	21.27	20.98
Jan	20.90	21.09	21.17	20.90
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug 7	Aug 6	mnth ago	yr ago
[illegible]	[illegible]	[illegible]	[illegible]

DOW JONES (Base: Dec. 31 1974 = 100)

	Aug 6	Aug 5	mnth ago	yr ago
Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	541/4	553/0	549/0	539/0
Sep	536/6	546/2	544/0	535/4
Nov	529/0	542/4	537/0	527/4
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fed in late dollar intervention

THE FEDERAL RESERVE intervened in the foreign exchange markets to prop up the dollar yesterday after disappointing employment figures had pushed the currency down by around two pfennigs against the D-Mark, *writes James Blitz.*

The Fed bought dollars shortly after the European close as the currency dipped below DM1.47. The US central bank later bought the currency at DM1.4725 and DM1.4735 in its second intervention in the market in less than three weeks. Shortly after the Fed's move, the dollar was trading up at DM1.4750, having risen about one pfennig in ten minutes. But it dropped back to DM1.4705 later in American trading.

The fall in the dollar followed the release of the much-awaited non-farm payroll figure for July. This showed an increase of 198,000, confirming the generally sluggish growth of the US economy. It was a disappointing figure because dealers had been expecting a rise of anything up to 300,000 for July.

One analyst said that when the summer jobs creation scheme and the fall in June employment by 68,000 were taken into account, the figures looked a good deal worse. "Employment is growing by an average of around 30,000 a month," he said. "That's far too slow for an economy that is supposed to be climbing out of recession."

Another London-based analyst said that the market had been adversely affected by overnight comments from Mr Helmut Schlesinger, the Bundesbank President. His suggestion that the concerted central bank intervention to prop up the dollar on July 20 had been undertaken to counter disorderly market conditions may have given traders the impression that it was a one-off event. "We had disorderly conditions," said Mr Schlesinger. "and I am not aware of any exact target level for dollar-mark."

Analysts believe that the dollar could test new lows next week, especially if the retail sales figures for July come in lower than expected.

The D-Mark's stronger performance against the dollar fed through to cross trading. The pound fell to a DM2.8250 close compared to a previous close of DM2.8280. At one stage it had dipped to DM2.8232 against the D-Mark, a new low since sterling joined the Exchange Rate Mechanism in October 1990.

The Italian lira closed down at L757.2 against the D-Mark, compared to a previous finish of L756.00. The Bank of Italy's recent cut in its discount rate may have had an adverse effect on the currency. The Bank's repurchase agreements in the lira money market were at a rate of 14.20 per cent yesterday, compared to a recent peak of 17.56 per cent.

£ IN NEW YORK

Aug 7	Latest	Previous Close
£ Spot	1.9235-1.9245	1.9150-1.9160
1 month	1.09-1.08pm	1.10-1.09pm
3 months	3.28-3.25pm	3.26-3.24pm
12 months	11.7-11.6pm	11.6-11.5pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 7	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	174.057	-2.62	6.16	42
Spanish Peseta	133.631	130.138	-2.61	6.15	44
Belgian Franc	42.4032	41.9980	-0.96	4.38	31
D-Mark	2.05586	2.03914	-0.81	4.23	31
Dutch Guilder	2.31643	2.29889	-0.76	4.17	21
Irish Punt	0.767417	0.766038	-0.18	3.57	-6
French Franc	6.89509	6.88878	-0.09	3.47	-13
Danish Krone	7.84195	7.85592	0.18	3.20	-23
Italian Lira	1538.24	1543.62	0.35	3.02	-33
Sterling	0.696904	0.720460	3.38	0.00	-66

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9100 - 1.9305	1.9290 - 1.9300	1.09-1.07cpm	6.72	3.28-3.25pm	6.77
Canada	2.2655 - 2.2830	2.2800 - 2.2810	0.98-0.89cpm	4.92	2.97-2.83pm	5.09
Netherlands	3.1780 - 3.1925	3.1825 - 3.1925	¼cpm-par	0.24	½-¼pm	0.39
Belgium	58.15 - 58.40	58.20 - 58.30	3-2cpm	0.52	12-7pm	0.65
Denmark	10.8850 - 10.9170	10.8975 - 10.9075	¾-1¼oredis	-1.03	1¼-3¼dis	-0.92
Ireland	1.0600 - 1.0650	1.0625 - 1.0635	0.07-0.04cpm	0.62	0.16-0.08pm	0.45

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9295	1.9187	1.8969	1.8669	1.8137
D-mark	2.8250	2.8247	2.8230	2.8205	2.8140
French Fr.	9.5550	9.5385	9.5065	9.4915	9.4810
Swiss Fr.	2.5350	2.5313	2.5238	2.5138	2.4906
Yen	246.00	244.77	242.23	238.38	231.40

EXCHANGE CROSS RATES

Aug 7	£	$	DM	Yen	F Fr.	S Fr.	N Fl.
£	1	1.930	2.825	246.0	9.555	2.535	3.180
$	0.518	1	1.464	127.5	4.951	1.313	1.652
DM	0.354	0.683	1	87.08	3.382	0.897	1.12
YEN	4.065	7.846	11.48	1000	38.84	10.30	12.9[illegible]
F Fr.	1.047	2.020	2.957	257.5	10.	2.653	3.33[illegible]
S Fr.	0.394	0.761	1.114	97.04	3.769	1	1.25[illegible]
N Fl.	0.314	0.605	0.886	77.26	2.997	0.795	1
Lira	0.468	0.902	1.321	115.0	4.467	1.185	1.490
C $	0.438	0.846	1.238	107.8	4.189	1.111	1.39[illegible]
B Fr.	1.717	3.313	4.850	422.3	16.40	4.352	5.473
Pta	0.555	1.070	1.567	136.4	5.300	1.406	1.76[illegible]
Ecu	0.719	1.388	2.032	177.0	6.874	1.824	2.29[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Cash rates softer

CASH RATES in the sterling money market softened across the board yesterday after the Bank of England was highly accommodating in its discount market operation and the Bundesbank President suggested that there might be no Lombard rate rise in the near future.

Short-dated rates softened after the Bank of England forecast a shortage of £1.16bn in the morning and saw most of it removed in the early round. One-month money briefly fell below the base rate figure of 10 per cent for the first time in many weeks. It closed at 10$\frac{1}{16}$ per cent on the offered side, compared to a previous close of 10$\frac{3}{16}$ per cent. Three-month money closed at 10⅛ per cent, compared to a previous close of 10¼ per cent.

Rates were softer further out, although dealers put this down to comments from Mr Helmut Schlesinger, the Bundesbank President, who defused speculation that the central bank would embark on another monetary squeeze by raising the Lombard rate. "I can only say that from the way things look now, we see no reason to raise this rate," he said. Boosted by these words, 6-month money closed down $\frac{1}{16}$ per cent on the offered side at 10⅛ per cent, but 1-year money closed unchanged at 10$\frac{1}{16}$ per cent.

Sterling futures contracts dipped at around lunchtime following the poorer-than-expected US non-farm payroll figure for July. This forced the dollar down by about a pfennig on the foreign exchanges undermining sterling in its wake. The September contract bottomed out at 89.62, 2 basis points down from its opening level, but closed back at 89.64.

The softening of rates may prove short-lived, however, as a large number of UK indicators will be issued next week underlining the gloomy outlook for the UK economy.

In its money market operations, the Bank of England dealt at the established rates of 9⅞ per cent for Bands 1 and 2 and 9$\frac{15}{16}$ per cent for the repurchase agreement (repo). In the morning, the Bank purchased £600m in band 1 bank bills, £116m in Band 2 bank bills and £444m in the repo for resale on 26 and 27 August. The forecast was then revised to £1.6bn and the Bank purchased £108m in Band 1. There was late assistance of £275m.

UK clearing bank base lending rate
10 per cent
from May 5, 1992

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
104	-	-	-	0.09	0.58	-
105	1.00	-	-	0.21	0.88	-
106	0.42	1.38	1.94	0.60	1.26	1.40
107	0.12	0.91	-	1.35	-	-
108	0.03	0.58	-	-	-	-
Open Int	155,761	267,644	15,700	120,853	88,235	8,205

Estimated volume 22,991 † Total Open Interest 658,396
† All Yield & Open Interest figures are for the previous day

BANK RETURN

BANKING DEPARTMENT	Wednesday August 5 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	141,321,778	+ 58,208,055
Bankers Deposits	1,454,113,056	- 53,541,798
Reserve and other Accounts	3,415,751,094	- 175,127,006
	5,025,738,928	- 172,460,749
ASSETS		
Government Securities	1,294,088,175	- 83,355,000
Advance and other Accounts	2,156,033,851	- 257,171,516
Premises Equipment & other Secs	1,571,899,570	+ 174,328,302
Notes	3,549,858	- 6,253,338
Coin	169,474	- 9,197
	5,025,738,928	- 172,460,749
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	18,406,450,142	+ 36,253,338
Notes in Banking Department	3,549,858	- 6,253,338
	18,410,000,000	+ 30,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	11,310,772,661	+ 1,720,335,087
Other Securities	5,088,212,239	- 1,690,335,087
	18,410,000,000	+ 30,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd	11

MONEY MARKET FUNDS

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Crd: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1545

Treasury 13¾% Stk 2000/03 - £121⅝ 121⅝

Corporation and County Stocks

No. of bargains included 1

London County 2½% Cons Stk 1920(or after) - £25 (31Jy92)

Kirklees Metropolitan Council 11.5% Red Stk 2031 - £112 (3Au92)

11¾% Bds 2012 (Br £ Var)(25% Pty Pd) - £23⅝ ¾

6% Cnv Bds 2003 - £114¾ (3Au92)

Smith & Nephew Finance N.V.8¾% Gtd Red Cnv Prf 2004 (Br) - £117¾

South West Water PLC 10¾% Bds 2012 (Br £1000&100000) - £104¾ ⅞ (3Au92)

Southern Electric PLC 10¾% Bds 2002 (Br £Var) - £101⅝

Sun Alliance Group PLC 10⅝% Nts 1997(Br £1000,10000&100000) - £99¾

Sweden(Kingdom of) 8¾% Bds 1994 - $106½ (31Jy92)

9½% Bds 1997 - £98¾ 9¾

...

Cooper Clarke Group PLC Ord 50p - 33 (4Au92)

ET Group PLC Ord 5p - 20

Ferrapek PLC Ord 10p - 236¾ (3Au92)

Flextech 1992 PLC Ord 10p - 57 9 60

Globe Mew PLC Ord 25p - 175

Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p - 104

Grosvenor Inns PLC Ord 10p - 78 (4Au92)

Hughes (T.J.) PLC Ord 10p - 74 ½ 5 ½ (4Au92)

Mid-States PLC Ord 10p - $0.765 p

...the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$2.04 (31/7)
Aust Oil & Gas A$0.793 (31/7)
City Developments S$3.76
Commodore International $20, 37½ (4/8)
Dainippon Screen Manufacturing Y657.5 (3/8)
Devex A$0.7676 (4/8)
Forest Laboratories $36.26 (3/8)
Idaho Power Co $26.524
Leighton Hldgs A$1.474 (4/8)
Mount Martin Gold Mines A$0 355 (5/8)
National Electronics (Consolidated) 1, 3.5 (3/8)
North Flinders Mines £1.5
Oil Search 31 (4/8)
Playmates Hldgs H$3.6148 (31/7)
Regal Hotels (Hldgs) H$1.08 (4/8)
Samantha Hldgs Berhad A$1.19 (31/7)
Sappi Ltd $11.24 (3/8)
Selangor Coconuts 25
Storer Communications $K271.43 (5/8)
Wong Industrial Hldgs H$12.4

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Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL. Telex: (Editorial) 922186. Telex. (Advertising) 885033. Telephone: 071-873 3000. Fax: (Advertising) 071-873 3063.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: *Editorial*, PO Box 1296, 1000 BG Amsterdam. Tel 6278796 Fax 6235591 *Advertising and Circulation* Herengracht 472, 1017 CA Amsterdam. Telex 16527 Fax 235591 Editorial Tel: (020)6276796 Advertising & Circulation Tel: (020) 6239430/6225588

Bangkok: Maneeya Centre Building, Penthouse Floor 518/5 Ploenchit Road, Bangkok 10500. Tel: 255 5906, 251 1139, 253 5522. Fax 254 4843

Birmingham: *Editorial and Advertising* George House, George Road, Edgbaston, Birmingham B15 1PG. Fax: 021-455 0888. Tel: 021-454 0922.

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Copenhagen: Advertising and Circulation Financial Times (Scandinavia) Vimmelskaftet 42A,DK-1161 Copenhagen-K,Denmark.Telephone(33)13 44 41.Fax(33)93 53 35.

Dublin: *Editorial* 20 Upper Merrion Street, Dublin 2. Tel: 762 071. Fax 762 125.

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جمال

LONDON STOCK EXCHANGE

Account closes with further setback

By Terry Byland
UK Stock Market Editor

Account Dealing Dates		
First Dealings:		
Jul 27	Aug 10	Aug 24
Option Declarations:		
Aug 6	Aug 20	Sep 3
Last Dealings:		
Aug 7	Aug 21	Sep 4
Account Day:		
Aug 17	Sep 1	Sep 14

*New time dealings may take place from 8.30 am two business days earlier.

WEAKNESS overnight in Tokyo and New York added to the misery of the UK stock market which suffered further losses yesterday and barely managed to hold on to the FT-SE 2,350 mark as the equity trading account came to its close. For most of the session, London shared the general misfortune of the other European bourses, but rallied after Wall Street came in with an early gain of 17 points on the Dow Average.

Footsie 2,350 is an important testing level for the stock market; it was first achieved in February 1991 and if it is lost, the charts show little support above the 2,150 mark. The warning was conveyed to traders at morning meetings of the leading securities firms and thence to institutional clients. At Strauss Turnbull, for good measure, Mr Ian Harnett said that the firm was cutting its year-end forecast on the Footsie to 2,650, on the view that its previous, more bullish forecast, now required too many positive developments.

Share prices opened lower against the backcloth of a 408.17 drop in the Nikkei and 24.6 fall in the Dow Averages overnight, but then turned significantly lower as the Footsie 2,350 mark came into play.

With this benchmark level soon lost, the market fell into gloom and there was little further move until Wall Street came to the rescue with a gain of 17 Dow points in London hours. The UK market rallied thankfully from the day's low of 2,344.9 to close at 2,350.1 for a net loss of 27.5 on the day.

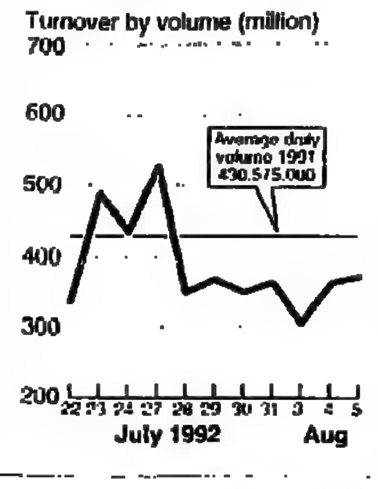
The trading account which ended last night has seen the Footsie shed just over 1 per cent, with most of the fall suffered this week as the cut in BP's quarterly dividend and the heavy loan loss charges at Barclays Bank have shaken the confidence of investors.

Trading volume has remained moderate, although Thursday's equity retail total increased to £1bn. Yesterday's Seaq volume of 480.3m shares was above recent totals but the figure includes intra-market business.

BP continued to fall and gloom over the economy and UK interest rates brought further losses among store, building and construction issues. However, Unilever stood out well after disclosing quarterly trading results and ICI, Grand Metropolitan and Rank Organisation were also firm. Sharelink, Britain's largest execution-only stockbroker, commented yesterday that private investors were, on balance, buyers of equities.

● Retail volume has continued to disappoint, as investors shy away from the flow of unsettling trading reports from leading companies.

London SE volume



Insurers under pressure

COMPOSITE insurers were lower ahead of interim figures next week as worries over the groups' high exposure to mortgage indemnity problems prompted yet more cuts in profits forecasts by brokerage firms. Royal Insurance and Sun Alliance were the principal casualties, the former losing 17 to 167p and the latter 7 to 251p.

Smith New Court has reduced its 1993 forecast for Royal to £7m from £80m and believes it will announce a nominal one penny dividend at the interim stage against 11.25p last year. It has almost halved its 1993 estimate for Sun Alliance to £96m. Insurance analyst Mr Steven Bird said; "The realisation that the economy will remain in recession for longer than expected means the mortgage indemnity crisis will also persist for longer."

General Accident opens the reporting season on Tuesday and is generally expected to cut its loss to between £20m and £52m against £101.5m in first half 1991. It is forecast to maintain its interim dividend at 9.7p, but faces some pressure to cut the final. The shares fell 5 to 380p. Analysts expect Guardian Royal Exchange to reduce its interim dividend to between 2.25 and 2.45p from 4.4p. The stock held steady at 116p.

Vodafone wanted

Cellular telecoms group Vodafone held up well in a weak market after analysts were told, at the company's annual meeting, that a radical price restructuring would be announced next Thursday. The move is Vodafone's response to rival Cellnet's announcement of several weeks ago which detailed its own revamped pricing policy.

Behind the restructurings are both companies strategies for increasing levels of domestic users, which provide only some 10 per cent of income, and to head off the threat of the new localised telecoms system PCN (Personal Communications Network) due to be introduced from mid 1993.

Analysts suggested yesterday that Vodafone could attempt to stimulate the consumer market by extending off-peak times and reducing line rents, while at the same time increasing peak rates for business users – with the aim of leaving overall revenue steady while widening the service's attraction. However, others warned that Cellnet, owned by BT and Securicor, was likely to respond to any new intiative and that two of the new PCN operators, Cable and Wireless and Hutchinson Whampoa had the reserves to fight a lengthy price war. Yesterday, Vodafone remained at 327p, fully-paid BT shares slipped 3 to 334p, Cables dropped 6 to 518p and Securicor slipped 2 to 813p.

Further consideration of Barclay's results prompted the shares to lose much of Thursday's post-figures gain and slip back 10 to 324p. Lehman Brothers has cut its 1992 profit forecast by £150m to £350m and recommends using any strength in the shares as an opportunity to switch into Lloyds (which rose 2 to 384p) or Abbey National (off 4 at 265p).

Heavy trading continued in BP as the shares sought a level following Thursday's dividend cut. Yesterday, BP closed 11 down at 185¼p with volume of more than 68m recorded on the SEAQ electronic ticker, making a combined turnover of 142m during the past two days.

There are signs that some UK securities houses are modifying their hostile attitude to the company following the measures announced at the second-quarter stage. Mr Fergus MacLeod of County NatWest feels the company has moved from a position of over-optimism to over-caution and says: "Recession is already there in every part of BP and there will be a recovery story." On the other hand, there are hints that US brokers, who had been attracted by the relative cheapness of the stock, might be tempering their enthusiasm.

Shell Transport shed a further 7 to 454p following disappointing results from Royal Dutch/Shell. Nomura believes the stock is expensive on a yield relative basis.

ICI firmed 3 to 1145p. Kleinwort Benson rates the stock a strong hold at around the 1150p level.

Rothmans International was also a bright spot with the shares rising 9 to 1039p as they hit the bottom of their trading range.

British Airways followed the market trend easing 3 to 254p ahead of next week's release of its first-quarter results. The range of forecasts for the period April to June is from £90m to £120m with Smith New Court predicting £112m.

Engineering group Siebe fell 19 to 598p, with securities house UBS Phillips & Drew reported to have been the day's big seller. TI Group gave up 8 to 268p on accountancy concerns.

Fears that Simon Engineering was unlikely to maintain the year-end dividend caused a sharp fall in the shares. They gave up 18 to 167p, on good turnover of 2.1m. Dividend worries were also in evidence at Meggitt where the shares eased 7 to 67p. A recent stock overhang in Weir Group appeared to have been cleared and the shares jumped 18 to 456p.

Drinks group Grand Metropolitan added 5 to 417p as dealers said that a large line of stock had finally found a home. The shares were also helped by Smith New Court reiterating its buy stance and switch advice from Kleinwort Benson out of Guinness. Shares in the latter dropped 5 to 530p.

More suggestions that Forte was stepping up the search for younger members for its board stopped the seemingly relentless slide in the shares, which were steady at 139p.

Rank Organisation rose 11 to 575p as some advised a short-term buy.

After Thursday's bout of downgrades, Thorn EMI edged a penny to 712p, with some talk that one of the more savage cuts had brought a strong reaction from the company.

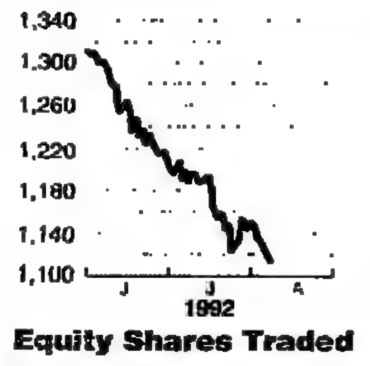
Good figures from Unilever enlivened a dull food manufacturing sector, where downgrades accompanied the gloomy economic sentiment. Unilever's profits came in just ahead of market expectations, with European sales particularly strong. However, most analysts appeared to be happy with their estimates and stayed around the £1.9bn range. The shares climbed 12 to 953p.

A BZW downgrade in Northern Foods, put the group under further pressure following 'take profits' advice from several brokers in the past week. BZW is looking for a £155m profit this year against a previous estimate of £159.5m. The shares tumbled 21 to 520p.

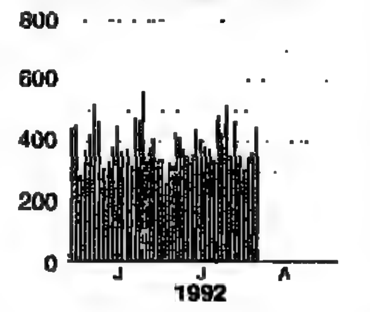
BZW also turned from buyer to hold on the food retailing sector. Among those retreating Argyll shed 9 to 338p, William Low, 14 to 188p, and Sainsbury 8 to 445p.

In stores, Burton was subject to a severe pruning from Kleinwort Benson which lopped £13m from its profits forecast down to £15m. The shares eased 2½ to 30½p. UBS Phillips & Drew advised a switch to Boots from Marks and Spencer. The former steadied at 424p, the latter dropped 6 to 309p.

FT-A All-Share Index



Equity Shares Traded



MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christopher Price.

■ Other market statistics, Page 9

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (5). AMERICANS (1) Hasbro, BANKS (1) ABN Amro, ELECTRONICS (2) Learmonth & Burchett, MMT, MTL & MTL FORMING (1) Tinsley (E).

NEW LOWS (221). AMERICANS (1) IBM, BREWERS (3) Fosters, Greenalls 6.95pc Pf, Vaux, BLDG MATLS (15) Blockleys, Br. Dredging, Cape, Epwin, Gibbs Dandy, Hewetson, Heywood Williams, Ibstock Johnsen, Johnston, Marley, Meyer, Pilkington, Plasteel, Polypipe, RMC, Redland, Sharpe & Fisher, Travis Perkins, BUSINESS SERVS (2) African Lakes, Holmes Protection, CHEMS (3) Caird 7p Pf 2009, Evode, Laporte, CONGLOMERATES (4) Bibby, CSR, Fletcher Chlnge., Grampian, CONTG & CONSTRCN (26) AMEC, Do 6½pc Pf, Avonside, Barcom, Bellway, Countryside, Cussins, Gleeson, Havelock Europa, Lon. & Clydeside, Maunders, McAlpine, Mowlem, Raine, Sindall, Tilbury Douglas, Try, Westbury, Wilson Bowden, Wilson (C), ELECTRICALS (4) BICC, Delta, Scholes, Wholesale Fittgs, ELECTRONICS (3) ACT, Computer People, Logica, ENG AERO (1) Smiths, ENG GEN (10) APV, Atlas, Booth, Bromsgrove, Hopkinsons, IMI, Meggitt, Ransomes, Vickers, Victaulic, FOOD MANUF (4) Benson Crisps, Perkins, Sims, Utd. Biscuits, FOOD RETAILING (5) ASDA, Brake Bros., Low, Merchant Retail, Watson & Philip, HEALTH & HSEHOLD (8) Community Hospitals, Haemocell, Hospital Corp., ML Labs., Medeva, Reckitt & Colman, Do 9½pc Cv Bds, Swallowfield, HOTELS & LEIS (6) Allied Leis., Castle Comms., First Leis., Ladbroke, Queens Moat, Thorn EMI, INSCE BROKERS (6) Archer, Bradstock, Heath, JIB, Steel Burrill J., Sturge, INSCE COMPOSITE (1) Royal, INSCE LIFE (1) Legal & Gen., INV TRUSTS (86) MEDIA (5) Anglia 9¼pc Pf, Anglia TV, Home Counties, More O'Farrell, Shandwick, MERCHANT BANKS (2) Brown Shipley, Warburg, MTL & MTL FORMING (4) Apollo Metals, Cook (Wm), Lee (A), Richards, MISC (10) Business Tech., Fairway, Hartstone, No-Swift, Osborne & Little, Portmeirion, Sinclair, Stonehill, UDO, Young (H), MOTORS (6) ABI, Cook (DC), Kwik-Fit, Perry, Vardy (Reg), OIL & GAS (4) Avive, B. Gas, BP, Premier, OTHER FINCL (2) Henderson Admin., OTHER INDL MATLS (4) BH Prop., Expamet, Suter, Whitecroft, PACKG, PAPER & PRINTG (5) Dolphin Pckg., [illegible], Smith (DS), Unit. PROP (28) Allied London, Bilton, Bradford, Br. Land, Brixton Est., Burford, C&M, Chesterfield, City Site, Claytorn, [illegible], Frogmore, Greycoat, Gt. Portland, Hammerson, Land Sec., Merivale Moore, [illegible], Prop Security, Property Tst., Regalian, Slough, Warner, Wates City of Lon. STORES (11) Alexon, Amber Day, Ashley (L), Austin Reed, Burton, [illegible], Liberty, Pentos, Sears, [illegible]. TXTLS (3) [illegible], Gasket, Martin (A). TRANSPORT (5) Assoc. Br. Ports, Bergesen, Davies & Newman, LEP 'A', Tiphook, PLANTATIONS (1) [illegible], MINES (8) Central Pac., ERGO, FS Cons., [illegible] Mints., Northern Plat., United.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	63	0	13	136	163	81
Other Fixed Interest	4	0	11	15	10	50
Commercial, Industrial	128	502	807	906	1,920	4,368
Financial & Property	101	251	447	385	875	2,724
Oil & Gas	11	23	52	57	92	281
Plantations	0	1	8	2	3	40
Mines	28	31	90	103	164	478
Others	19	58	48	168	197	279
Totals	354	866	1,476	1,772	3,424	8,301

FINANCIAL TIMES STOCK INDICES

	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.28	88.18	88.26	88.26	88.35	85.88	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.11	105.10	105.09	105.13	105.00	94.48	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share ●	1753.3	1774.2	1791.5	1804.0	1814.8	2005.5	2149.7 (22/5)	1753.3 (7/8)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	88.7	86.6	88.9	86.6	89.9	179.3	160.6 (10/1)	83.6 (8/7)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2350.1	2377.6	2392.8	2407.5	2420.2	2570.6	2737.8 (11/5)	2348.0 (27/7)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1088.80	1101.65	1106.98	1107.46	1104.81	1169.48	1248.79 (11/5)	1087.01 (27/7)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord Div Yield	5.23	5.19	5.10	5.11	5.08	4.73				
●Earning Yld %(full)	7.47	7.41	7.29	7.31	7.22	7.99				
●P/E Ratio(Net)(*)	16.90	17.03	17.31	17.25	17.50	15.52				
SEAQ Bargns 5.00pm	19,875	16,624	16,313	17,728	18,454	29,915				
Equity Turnover(£m)†	-	1041.0	798.1	988.7	704.1	786.9				
Equity Bargains†	-	19,392	19,416	18,753	18,510	29,920				
Shares Traded (mil)†	-	447.5	374.9	368.7	305.9	352.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Base 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 & Nil 15.72.

Ordinary Share Index, Hourly changes — Day's High 1764.6 — Day's Low 1747.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1764.6	1763.6	1760.5	1753.2	1750.0	1751.0	1751.7	1748.1	1749.6

FT-SE 100, Hourly changes — Day's High 2368.3 — Day's Low 2344.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2368.3	2367.4	2365.2	2356.3	2349.3	2350.5	2351.3	2345.3	2348.0

FT-SE Eurotrack 200, Hourly changes — Day's High 1095.66 — Day's Low 1087.82

Open	10 30 am	11 am	12 pm	1 pm	2 pm	3 pm
1095.66	1094.83	1093.71	1090.40	1090.29	1090.89	1088.60

GILT EDGED ACTIVITY

Indices*	Aug 6	Aug 5
Gilt Edged Bargains	72.4	76.4
5 – Day average	88.9	90.9

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	60	410	18	Comm Union	582	430	-5	Lonrho	1,000	80	-1	Shell Transport	10,000	454	-7
ASDA Group	6,800	25	-½	Cookson	1,300	136	-5	Lucas	568	106	+1	Siebe	468	598	-19
Abbey National	4,400	265	-4	Courtaulds	635	450	-5	MB Caradon	356	246	-1	Slough Ests	143	107	-2
Albert Fisher	216	37	1	Dalgety	126	411	-1	MEPC	96	227	-3	Smith (WH) A	311	386	-14
Allied Lyons	1,200	607	8	De La Rue	333	564	-15	Manweb	638	330	+2	Smith & Nephew	2,300	137	-1
Amstrad	303	25		Dixons	1,700	192	-9	Marks & Spencer	4,400	303	-6	SmKl Beecham	1,800	485	-4
Anglian Water	460	400	-6	Eastern Elect	1,200	260		Midlands Elect	1,600	306	+4	SmKl Beecham Uts	342	417	-8
Argos	972	193	-5	East Midland Elect	2,900	275	-1	NFC	1,500	242	-7	Smiths Inds	171	258	+6
Argyll Group	3,400	338	9	Eng China Clays	338	448	-12	NatWest Bank	4,800	318	+3	Southern Elect	1,000	293	+2
Arjo Wiggins	1,500	215	+3	Enterprise Oil	174	337	+3	National Power	4,300	232	-1	South Wales Elect	572	336	+3
Ass Brit Foods	497	402½	2½	Eurotunnel Units	355	325	+7	Next	2,200	80½	-1½	South West Water	395	388	-4
Ass Brit Ports	166	272	5	FKI	1,500	68½	-1	North West Water	7,100	409	-6	South West Elect	273	297	+1
BAA	945	618	-5	Fisons	2,300	175	-4	Northern Elect	306	317	+8	Southern Water	109	388	-7
BAT Inds	2,700	732	6	Forte	1,700	139		Northern Foods	1,400	520	-21	Standard Chartd	302	407	-3
BET	2,700	110		Gen. Accident	951	380	-5	Norweb	558	323	+2	Storehouse	2,100	118	-3
BOC	166	200	-3	General Elect	7,800	220½	-2½	Pearson	807	327	+2	Sun Alliance	4,100	251	-7
[illegible]															
Brit Aerospace	1,700	212	-6	IMI	114	213	-6	Rolls Royce	2,700	142		Utd Newspapers	279	383	-6
British Airways	1,100	254	-3	ICI	1,200	1145	+3	Rothmans	52	1039	+9	Vodafone	1,000	327	
British Gas	5,100	226½	-4½	Inchcape	578	404	-8	Ryl Bk Scotland	1,300	152	-2	Warburg (SG)	246	440	-10
British Land	163	157	-1	Kingfisher	1,900	427	-13	Royal Insurance	1,700	167	-17	Wellcome	8,600	800½	-½
British Steel	595	56	-½	Kwik Save	248	644	+1	Saatchi	137	131		Welsh Water	333	427	-2
Bunzl	1,000	86	+1	Ladbroke	2,600	160	-2	Sainsbury	1,200	445	-8	Wessex Water	108	483	-2
Burmah Castrol	108	523	-3	Land Securities	1,000	355	-4	Scottish & New	424	437	-9	Whitbread 'A'	1,800	404	-4
Burton	4,200	31½	-1½	Laporte	123	505	-7	Scot. Hydro-Elect	3,600	200	+1	Williams Hldgs	998	284	-6
Cable & Wire	2,600	516	-6	Legal & General	489	312	-1	Scottish Power	898	181	-½	Wills Corroon	670	199	-8
Cadbury Schweppes	1,600	404	-3	Lloyds Abbey	774	342	-3	Sears	2,400	71	-2	Wimpey	0	98	-2
Calor Group	127	172	-3	Lloyds Bank	4,200	374	-8	Sedgwick	239	165	-4	Wolseley	115	318	-7
Carlton Comms	351	555	-4	LASMO	4,000	132	-4	Seaboard	653	297	-1	Yorkshire Elect	989	333	-½
Coats Viyella	2,100	174	-4	London Elect	804	282	+1	Severn Trent Water	1,100	382	-9	Yorkshire Water	78	428	-5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

CONTINUING worries over the economy and on the corporate trading front caused a further retreat in stock index futures as the account drew to a close, writes Joel Kibazo.

The sombre mood took hold early in the session as the first trade in the September contract was struck at 2,378, some 8 points below Thursday's close. A brief squeeze to 2,384 soon gave way to the sellers, Morgan Stanley and Salomon said to have been among them.

September continued to drift lower into the afternoon session, reaching 2,353 by 2.30pm, which proved to be the low point of the day.

However, a buyer closing positions helped the contract reverse the downward trend, as did a firm Wall Street, and September eventually closed at 2,360 down 25 on its previous close and around its fair value premium to cash of about 12. Turnover at over 9,000 contracts was helped by buying just before the official close.

Traded options were dull with turnover reaching only 20,569 contracts. The FT-SE 100 option traded 10,653 lots. BP was the busiest stock option at 1,140 lots and the January 200 calls the most active series.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	110.7108	-1.024	8.41	8.31	8.73
BELGIUM		9.000	06/01	99.8500	+0.150	9.02	9.14	8.81
CANADA *		8.500	04/02	107.6500	+0.450	7.38	7.42	7.76
DENMARK		9.000	11/00	97.6200	+0.200	9.41	9.58	9.00
FRANCE	BTAN	8.500	03/97	96.8982	+0.110	9.33	9.60	8.97
	OAT	8.500	11/02	96.6200	+0.010	8.97	9.19	8.72
GERMANY		8.000	01/02	99.3750	+0.300	8.08	8.21	7.95
ITALY		12.000	05/02	94.2450	-0.125	13.48†	14.12	13.28
JAPAN	No 119	4.800	06/99	98.3619	-0.086	5.12	5.00	5.40
	No 129	6.400	03/00	107.5719	-0.065	5.03	4.95	5.22
NETHERLANDS		8.250	02/02	99.0400	+0.170	8.38	8.46	8.27
SPAIN		11.300	01/02	94.8500	-0.235	12.25	12.65	11.60
UK GILTS		10.000	11/96	101-15	+0.188	9.66	9.80	9.14
		9.750	08/02	102-29	+0.063	9.29	9.31	9.05
		9.000	10/08	99-20	+0.313	9.04	9.06	8.84
US TREASURY *		7.500	05/02	106-15	+0.250	6.59	6.70	6.88
		8.000	11/21	106-25	+0.281	7.43	7.45	7.61
ECU (French Govt)		8.500	03/02	94.4700	+0.360	9.39	9.65	8.90

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday 7th August 1992

Water	+	23.24	Transport	-	5.55
Food Retailing	+	10.57	All Share Index	-	5.82
Electronics	+	10.43	Engineering-General	-	6.02
Motors	+	7.27	Chemicals	-	6.12
Electricity	+	6.59	Engineering-Aerospace	-	6.41
Banks	+	5.81	Financial Group	-	7.53
Other Industrial Materials	+	5.13	Electricals	-	7.74
Media	+	1.39	Conglomerates	-	7.88
Textiles	+	1.18	Investment Trusts	-	8.25
Packaging, Paper & Printing	+	0.19	Insurance(Life)	-	8.30
Other Groups	-	0.55	Metals & Metal Forming	-	9.66
Brewers and Distillers	-	0.86	Business Services	-	12.35
Other Financial	-	1.08	Hotels & Leisure	-	12.46
Telephone Networks	-	2.96	Health & Household	-	14.65
Stores	-	3.39	Insurance Composite	-	16.94
Industrial Group	-	3.42	Building Materials	-	17.85
Capital Goods	-	3.73	Oil & Gas	-	21.11
Consumer Group	-	5.12	Insurance(Brokers)	-	24.42
Food Manufacturing	-	5.22	Contracting, Construction	-	33.50
Merchant Banks	-	5.31	Property	-	35.28
500 Share Index	-	5.50	Gold Mines	-	35.68

COMMODITIES

WEEK IN THE MARKETS

Gold finds support after steep slide

THE GOLD and platinum markets appeared to take a very relaxed view of the "week of action" in South Africa, the biggest producer of both metals, and prices fell steadily for most of the week. But values steadied on the final day, encouraging the view that gold's recent technical uptrend was still intact.

Dealers said US investment funds had been pulling out of gold, and with their evacuation virtually completed by Thursday market professionals were left yesterday to trade largely among themselves. Their reluctance to carry short positions into the weekend was evident and sentiment was supported early on by hopes, later justified, of moderately constructive monthly US employment figures. Also encouraging buying was renewed tension over Iraqi weapons inspection and relief that key support at $348 a troy ounce had withstood a severe test on Thursday.

These factors combined to lift the gold price by $2.30 to $350.95 an ounce, but that was still $7 down on the week. Platinum responded to gold's advance to reach $377.25 an ounce at the afternoon fixing, up $3.25 on the day but down $8 on the week.

Gold's earlier fall had been influenced, though not as much as might have been expected, by the Uruguayan central bank's announcement on Monday that it sold 50,000 ounces last month, having adopted a new reserve policy involving a switch out of the yellow metal and into fixed term deposits denominated in US dollars and D-marks.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+400	to 1,318,650
Copper	+1,750	to 248,500
Lead	-25	to 160,375
Nickel	+3,036	to 38,022
Zinc	+3,550	to 344,350
Tin	-220	to 14,780

Among the base metals copper came under pressure from the beginning of the week as striking workers at Poland's KGHM combine, who had been threatening to intensify their action, suggested they might suspend the stoppage. But the fall was arrested on Tuesday after the London Metal Exchange announced that stocks of copper in its registered warehouses had fallen another 4,600 tonnes to a 15-month low of 246,750 tonnes. Copper stocks had been falling for several weeks but traders were expecting a reversal of that trend reflecting the normal slow-down in manufacturing activity during the northern hemisphere summer. They did not have long to wait, however. Yesterday's LME report showed a 1,750-tonne rise in copper stocks.

In the interim copper's struggle to stay above the equivalent of $2,510 a tonne for three months delivery had been aided by the emergence of Chinese buying and the three months price had recovered from Monday's low of £1,318 a tonne to £1,339.50 a tonne, hepled by sterling's fall against the dollar. After yesterday's stocks news, and with sterling rallying, the price fell back to close at £1,326.50 a tonne, down £10 on the week. In dollar terms the three months price was down $6 on the week at $2,518 a tonne.

A 3,036-tonne rise in LME stocks of nickel, taking the total to a fresh record of 38,022 tonnes, came as little surprise yesterday as traders had been expecting recent arrivals of Russian metal to appear in the figure once they had been cut into shape. The cash nickel price closed at $7,347.50 a tonne, up $20 on the day and down $2.50 on the week, but traders said further falls were to be expected following the three months position's failure to break resistance at $7,450 a tonne earlier in the week.

The London Futures and Options Exchange's cocoa market began the week in something of a quandary, with the return of Ivory Coast selling supporting a bearish view and concern about continuing dryness in west Africa arguing for a price rise. In the end the New York bulls won the day and despite reports of further Ivorian sales, plus some from Ghana, the December price ended the week £29 higher at £667 a tonne.

"Everyone knows [the producing countries] have done a fair bit earlier this week, so I don't see them wanting to come back in until around $20 to $30 above here," one trader told the Reuter news agency.

The depressed state of the world rubber market prompted the buffer stock of the International Natural Rubber Organisation to make support purchases yesterday for the first time in eight months. As a result prices steadied a little in Kuala Lumpur and Tokyo.

But there were doubts that the upturn could be sustained, especially as the buffer stock manager had admitted that he could only afford to buy 20,000 tonnes. Some traders thought it odd that he should choose to reveal how limited his resources were as that clearly reduced the impact of his intervention in the market.

Richard Mooney

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	112.3	113.3	119.3	-0.80	0.00
AIB Grofund Equity	5	166.5	168.8	178.6	-0.50	2.42
AIB Grofund Euro ♦	5	126.6	128.4xd	135.1	-0.90	1.10
AIB Grofund Gilt	3	69.56	69.57xd	71.72	+0.08	6.44
AIB Grofund Japan	5	90.02	91.05	95.85	-2.11	0.00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	119.4	119.4	126.6	+0.1	8.18
High Inc Equity	6	114.4	117.0xd	124.4	-1	6.83
Worldwide Bond	6	213.3	213.3xd	226.1	-0.7	6.29
Capital Growth						
American Growth	6	190.5	190.5	203.7	-2.3	.96
Asian Pacific	6	137.7	141.2	150.2	-0.5	1.07
Assets & Earnings	6	167.9	167.9	179.5	-1.2	3.78
Capital Reserve Acc	0	117.2	117.2	117.2		7.66
Capital Reserve Inc	0	86.65	86.65	86.66	-0.01	7.66
Commodity & Energy	6	59.71	59.71	63.86	-0.21	1.24
1992 Enterprise	6	64.56	64.56	69.04	-0.40	3.07
Euro Capital Acc	6	88.04	88.04	94.16	-0.48	1.11
Euro Capital Inc	6	83.43	83.43	89.22	-0.46	1.12
General	6	153.4	153.4xd	164.0	-1.2	3.54
Japan	6	63.95	63.95	68.39	-1.61	-
Mastertrust	6	81.09	81.09	86.72	-0.83	2.88
UK Growth Acc	6	147.0	154.4	164.2	-2.2	3.28
UK Growth Dist	6	92.80	97.48	103.7	-1.3	3.28
US Emerging Cos	6	67.55	67.55	72.24	-0.89	-
Income & Growth	6	271.6	271.6	290.4	-1.5	4.82
Ethical	6	48.72	50.16	53.36	-0.27	3.71
International	6	56.02	56.90	60.53	-0.57	1.39
Dividend & Growth	6	42.72	43.68xd	46.46	-0.30	6.46
Global Gwth & Sec	6	54.24	54.52	57.99	-0.29	2.76
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1010.0	1010.0	1070.0		-
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
American & Growth	5¼	29.85	29.85	31.56	-0.39	2.68
Cash	0	50.69	50.69	50.69	-0.01	9.41
European	5¼	65.18	65.18	69.23	-0.29	0.00
European Income	5¼	65.97	65.97	70.01	-0.33	1.92
Exempt	1	715.6	715.6xd	746.0	-3.2	4.10
Extra Income	5¼	33.54	33.54	36.58	-0.20	6.73
[illegible]						

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brown Shipley & Co Ltd – Contd.						
Intl Income	6	70.70	70.70xd	75.30	-0.56	6.40
Intl Growth ♦	6	23.45	23.45	24.97	-0.20	0.31
Monthly Income	6	51.25	53.11	56.56	-0.37	5.96
North American	6	71.64	71.64	76.30	-0.38	0.28
Orient ♦	6	66.34	66.34	71.34	-1.59	-
Recovery	6	25.98	25.98	27.80	-0.17	4.25
Smaller Cos Acc	6	188.6	188.6	200.9	-1.40	-
Smaller Cos Inc	6	112.1	112.1	119.4	-0.80	1.93
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382						
Income Growth	2	163.9	163.9	168.6		6.88
Buckmaster Mangmt Co Ltd (1200)H						
15 St Botolph Street, London EC3A 7JJ 071-247 4942						
Fellowship Tst ♥	5¼	45.80	45.80	48.55	-0.13	3.94
(Accum Units) ♥	5¼	50.17	50.17	53.18	-0.15	3.94
Income	5¼	159.6	161.7	172.1	-0.6	5.94
(Accum Units)	5¼	354.4	359.2	382.2	-1.3	5.94
Smaller Co's	5¼	89.30	89.30	94.66	-0.13	3.66
(Accum Units)	5¼	105.1	105.1	111.4	-0.80	3.66
Inv Portfolio ♥	3	50.93	50.93xd	52.71	-0.41	3.21
(Accum Units) ♥	3	57.05	57.05xd	59.05	-0.44	3.21
High Income Port ♦	3	44.83	45.68	47.34	-0.33	6.40
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 071-480 7216						
Short Dated Gilt	1¼	62.97	62.97	63.83	+0.06	17.33
For CCF Foster Braithwaite see Foster Braithwaite						
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 081-740 7070						
UK General Tst	5½	47.77	48.91	52.03	-0.67	2.86
Global Tst	5½	36.41	37.42	39.81	-0.41	0.35
Recovery Tst	5½	45.44	46.61	49.58	-0.48	1.92
For CIBC Unit Tst Mngrs see Brown Shipley & Co						
CIS Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 0AH 061-837 5060						
Environ	6	104.1	106.5	113.4	-0.5	2.41
UK Growth	6	109.7	111.5xd	118.7	-0.8	3.09
UK Income	6	95.48	97.00	103.2	-0.6	6.02
For CS Fund Mngrs see City Financial UT						
Canada Life Unit Tst Mgrs Ltd (1200)F						
High St, Potters Bar, Herts, EN6 5BA 0707 51122						
Can Gen Dist	6	130.5	133.3xd	141.3	-1.2	3.54
Do Gen Accum	6	239.3	244.3	258.9	-2.2	3.54
Do Income Dist	6	79.30	81.44	86.32	-0.45	6.97
Do Inc Accum	6	214.8	220.5	233.8	-1.2	6.97
Gilt & Fxd Int	6	37.02	37.07xd	39.30	+0.09	7.43
Cannon Fund Managers Ltd (1200)H						
1 Olympic Way, Wembley, HA9 0NB						
081-902 8876 Dealing: 0800 282621						
Growth	5½	33.74	36.21xd	38.73	-0.28	3.96
Income	5½	40.77	41.26xd	44.13	-0.31	6.19
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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
For Mathieson see Cannon UT						
For Mayflower Mngmt see Sheppards UT Mngmt						
Mercury Fund Managers Ltd (1000)H						
33 King William St, EC4R 9AS 071-280 2860						
American	5	127.4	127.4	135.5	-1.30	0.00
(Accum Units)	5	136.1	136.1	144.9	-1.30	0.00
American Opps	5	51.11	51.11	54.52	-0.76	0.00
(Accum Units)	5	51.81	51.81	55.27	-0.78	0.00
British Blue Chip	5	58.76	58.83	62.76	-0.38	4.25
(Accum Units)	5	67.21	67.30	71.79	-0.45	4.25
Cash *	0	100.4	100.4xd	100.4		9.78
(Accum Units) *	0	123.8	123.8xd	123.8		9.78
European Growth	5	153.3	153.3xd	162.2	-0.40	0.56
(Accum Units)	5	164.3	164.3xd	173.8	-0.50	0.56
European Income	5	59.92	59.92xd	63.45	-0.01	3.70
(Accum Units)	5	74.84	74.84xd	79.25		3.70
General	5	360.5	360.5	384.6	-3.50	3.15
(Accum Units)	5	670.0	670.0	714.7	-6.70	3.15

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Norwich Union Tst Managers (1200)H						
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234						
Master Trust	6	82.65	82.65	87.92	-0.76	4.10
UK Equity	6	99.31	100.95	107.40	-0.72	4.67
UK Equity Income	6	94.34	96.34	102.49	-0.92	6.14
UK Smaller Co's	6	83.42	86.80xd	92.34	-0.45	3.25
UK Equity Growth	6	92.57	94.16	100.17	-0.82	3.22
UK Index Tracking F	6	99.96	100.60	107.02	-0.67	4.92
Intl Index Tracking F	6	88.19	88.94	94.62	-1.43	1.56
International	6	143.35	144.88	154.13	-1.83	2.39
European	6	116.46	117.32xd	124.86	-1.85	1.51
Pan European	6	88.13	89.12	94.81	-0.81	1.43
Nth American	6	116.39	117.48	124.98	-1.85	2.18
Nth Amer Smllr Cos	6	101.37	103.26xd	109.85	-1.74	0.00
Japanese	6	46.92	47.61	50.65	-1.41	0.00
Pacific	6	115.72	116.95	124.42	-1.59	1.29
South East Asian	6	118.85	120.75	128.46	-1.87	1.29
International Bond	6	101.97	102.11xd	108.63	-0.91	6.35
Gilt & Convertible	6	98.16	98.33xd	104.63	+0.16	8.03
Property F	6	66.78	68.66	73.04	-0.18	6.69
Cash Deposit Accum F	0	102.20	102.20	102.20	+0.02	9.35

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071—379—0444.

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INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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Pearl Assurance (Unit Funds) Ltd

Lynch Wood Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or -	Yield Gross
Property Dist (Gross)	136.8	142.9		-
Property Acc (Gross)	258.7	272.3		-
Equity (Gross)	812.1	854.9	+0.1	-
Managed (Gross)	579.7	610.2	-3.1	-
Property Acc. (Net)	123.6	130.2	-3.4	-
Equity (Net)	189.7	199.7		-
Adventurous Managed	88.7	93.4	-1.3	-
Managed (Net)	179.1	188.5	-0.2	-
Cautious Managed	95.8	100.9	-1.0	-
International (Net)	152.4	160.4		-
Gilt & Fixed Interest	141.1	148.6	-1.6	-
Money Fund	140.8	148.2	+0.3	-
Mixed Fund (Cap)	112.2	118.2		-
Mixed Fund (Acc)	116.8	123.0		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Plan (Series 1)	626.7	659.7	-3.2	-
Ret Plan (Series 2)	212.6	223.8	-1.7	-
Ret Cash	199.1	209.5		-
Pens Mixed Fd (Cap)	123.7	130.3		-
Pens Mixed Fd (Acc)	128.8	135.6		-
Pens Stlg Fd (Cap)	104.1	109.6		-
Pens Stlg Fd (Acc)	108.4	114.2		-

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd

37-39 Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	123.0	130.0	-1.0	-
Building Soc. Fd	224.0	236.0		-
Balanced	254.0	268.0	-1.0	-
European	202.0	213.0	-1.0	-
GT Managed	176.0	186.0	-1.0	-
Gartmore Magd	118.0	125.0		-
German	127.0	134.0		-
Gilt	168.0	177.0	-1.0	-
Global	36.0	38.0		-
International Equity	183.0	193.0	-1.0	-
Japan	137.0	145.0	-2.0	-
Leisure	48.0	51.0		-
Managed	40.0	43.0	-1.0	-
Property	300.0	316.0		-

Provident Mutual Life Assc. Assn.—Contd.

Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	437.8	460.8	-1.3	-
Managed Init	318.4	335.2	-0.9	-
Equity Ord	659.7	694.4	-2.9	-
Equity Init	479.7	504.9	-2.2	-
Pen Ind Lkd Gilt Ord	184.8	194.5	+0.1	-
Pen Ind Lkd Gilt Init	140.4	147.8	+0.1	-
Overseas Equity Ord	280.4	295.2	-1.5	-
Overseas Equity Init	203.9	214.6	-1.2	-
Property Ord	281.0	295.8	+0.1	-
Property Init	204.3	215.1		-
Fixed Interest Ord	291.4	306.7	+0.6	-
Fixed Interest Init	211.9	223.1	+0.5	-
Deposit Ord	271.3	285.6	+0.1	-
Deposit Init	197.3	207.7	+0.1	-

Prudential Assurance Co

Holborn Bars, London EC1N 2NH 071-405 9222

Prufund

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Aug 5	246.2	256.5		-

Prudential Corporate Pension Funds

1 Stephen St, London W1P 2AP 071-548 3281

Prudential Managed Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Aug 5	£176.64	182.30		-
Equity Aug 5	£201.72	208.63		-
International Aug 5	£25.15	25.84		-
Intl Bond Aug 5	£14.18	14.37		-
Fixed Int Aug 5	£105.13	106.33		-
Index Linked Aug 5	£75.13	76.09		-
Property Aug 5	£110.04	116.10		-
Cash Aug 5	£31.1012	31.1012		-
Pre-Linked Retirement Plan				
Managed Aug 4	425.9	443.7		-
Cash Aug 4	285.4	297.3		-
Prudential Pensions Investment Account				
Pens Mngd Aug 7	168.3	181.0		-
Pens UK Eq Aug 7	293.1	316.0		-
Pens Intl Aug 7	184.5	197.8		-
Pens Global Eqty Aug 7	93.1	98.0		-
Pens Fixed Aug 7	239.2	252.5		-
Pens Index Lk Aug 7	191.2	201.9		-

Scottish Amicable

150 St Vincent St, Glasgow

Life Funds (First Series)

	Bid Price
Managed	314.7
Equity	397.7
Property	225.9
International	281.2
Japanese	67.8
Asia Pacific	98.8
European	91.9
American	98.8
Fixed Interest	296.7
Index-Linked Gilt	156.7
Cash	210.7
Life Funds (Second Series)	
Managed	87.2
Equity	85.2
Property	94.5
International	86.5
Japanese	67.6
Asia Pacific	96.5
European	90.7
American	96.2
Fixed Interest	111.1
Index-Linked Gilt	99.8
Cash	104.0
Pension Funds	
Building Society	163.9
Managed (Init)	181.1
Managed (Acc)	341.0
Equity (Init)	207.0
Equity (Acc)	389.6
Property (Init)	149.9
Property (Acc)	281.8
International (Init)	160.6
International (Acc)	302.5
Fixed Interest (Init)	199.4
Fixed Interest (Acc)	375.3
Cash (Init)	153.4
Cash (Acc)	288.8

Scottish Equitable Life Assc. Soc.

28 St Andrew Sq, Edinburgh

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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Gartmore Fund Managers (IoM)
PO Box 32, Douglas, IoM
Leopold Joseph Fund Mngrs (IoM) Ltd
PO Box 52 Athol St Douglas IoM
Mercury Fund Managers IoM Ltd
Sun Life Management (IoM) Ltd
PO Box 178, Douglas, IoM
Unilink Scandinavian Fund Ltd

ISLE OF MAN (REGULATED)(**)

ATC Fund Management (SG) Ltd
Applelen Financial Advisers Ltd
CMI Fund Mngrs (IOM)
City Financial Admin (IoM) Ltd
Duncan Lawrie Inv. Mgt. Ltd

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

CANADA (3:00 pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

FRANCE (continued)

GERMANY

GERMANY (continued)

NETHERLANDS

NETHERLANDS (continued)

ITALY

NORWAY

SPAIN

SWEDEN

SWEDEN (continued)

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

INDICES

NEW YORK

DOW JONES	Aug 6	Aug 5	Aug 4	Aug 3	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	3340.56	3365.14	3384.32	3395.40	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.06	101.98	101.98	102.04	102.13 (30/7)	98.41 (20/3)	102.13 (30/7/92)	54.99 (1/10/81)
Transport	1284.11	1291.20	1310.93	1314.76	1467.68 (20/2)	1269.74 (23/7)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	221.08	222.52	224.34	225.46	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 3374.33 (3391.35) Low 3327.06 (3347.98)

STANDARD AND POOR'S

	Aug 6	Aug 5	Aug 4	Aug 3	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	420.59	422.19	424.36	425.09	425.09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	494.05	496.12	498.83	499.51	499.51 (3/8)	470.91 (8/4)	499.51 (3/8/92)	3.62 (21/6/32)
Financial	36.35	36.42	36.51	36.66	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	231.50	232.29	233.39	233.66	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	389.77	389.90	391.82	390.87	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	574.05	576.87	581.32	582.36	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jul 31	Jul 24	Jul 17	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.17	3.13	3.07

	Aug 5	Jul 29	Jul 22	year ago (approx.)
S & P Industrial div. yield	2.59	2.59	2.60	2.68
S & P Indl. P/E ratio	29.34	29.31	38.50	19.62

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
BP	7,287,100	45¼	- 4
Gen Motors	5,916,900	37⅛	- 2
Maxus Energy	5,497,300	6¼	- ⅛
Gt Western Fin	4,687,100	16⅝	+ ⅛
Oryx Energy	4,385,800	21⅞	+ ⅝
Syntex	3,901,100	30¼	- 2½
RJR Nabisco	3,794,300	9⅛	+ ⅛
IBM	3,429,200	88¼	- 2⅛
Tadoran	2,262,200	14⅛	---
Limited	1,990,200	20	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Aug 6	Aug 5	Aug 4
New York SE	181.390	172.420	166.740
Amex	8.584	8.653	11.747
NASDAQ	156.829	163.782	168.492
NYSE			
Issues Traded	2,322	2,322	2,304
Rises	706	720	864
Falls	977	1,025	831
Unchanged	639	577	609
New Highs	72	105	138
New Lows	21	28	22

CANADA

TORONTO	Aug 6	Aug 5	Aug 4	Aug 3	1992 HIGH	1992 LOW
Metals & Minerals	3029.48	3031.48	3050.08	(c)	3238.87 (16/1)	2828.26 (8/4)
Composite	3398.63	3406.19	3426.04	(c)	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1778.62	1784.28	1797.23	1804.98	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 7	Aug 6	Aug 5	Aug 4	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1586.7	1588.6	1605.4	1612.5	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	696.2	695.8	703.6	705.4	726.80 (3/7)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	305.97	313.71	320.02	322.63	459.57 (24/2)	305.97 (7/8)
Traded Index (2/1/91)	719.28	744.21	764.05	770.60	1099.43 (24/2)	719.28 (7/8)
BELGIUM						
BEL20 (1/1/91)	1133.28	1143.19	1138.75	1136.29	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	305.40	303.08	303.64	305.69	365.29 (15/1)	303.64 (5/8)
FINLAND						
HEX General (28/12/90)	682.5	688.5	679.8	686.5	935.90 (24/2)	682.50 (7/8)
FRANCE						
CAC General (31/12/82)	486.96	488.68	486.87	489.27	555.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1777.27	1793.84	1797.98	1787.63	2077.49 (11/5)	727.49 (22/7)
GERMANY						
FAZ Aktien (31/12/58)	635.66	638.85	636.62	637.61	725.26 (26/5)	631.84 (3/8)
Commerzbank (1/12/53)	1798.6	1807.5	1802.5	1802.5	2043.80 (25/5)	1785.30 (3/8)
DAX (30/12/87)	1609.5	1621.15	1628.81	1611.51	1811.57 (25/5)	1578.73 (10/7)
HONG KONG						
Hang Seng Bank (31/7/64)	5850.93	5829.83	5341.24	5859.78	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1258.25	1265.17	1268.03	1268.97	1469.57 (17/1)	1258.25 (7/8)
ITALY						
Banca Com. Ital. (1972)	416.89	421.37	419.63	424.35	551.59 (6/2)	397.73 (30/7)
MIB General (2/1/92)	821.0	829.0	827.0	838.0	1086.00 (5/2)	779.00 (30/7)
JAPAN						
Nikkei (16/5/49)	15518.27	15926.44	15983.64	15692.59	23801.18 (6/1)	15095.95 (29/7)
Tokyo SE (Topix) (4/1/68)	1181.23	1207.32	1213.34	1200.17	1763.43 (6/1)	1170.93 (29/7)
2nd Section (4/1/68)	1649.25	1672.37	1683.53	1693.86	2499.85 (6/1)	1649.25 (7/8)
MALAYSIA						
KLSE Composite (4/4/86)	597.11	598.27	602.58	603.54	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tt.Rtn.Gen.(End 1983)	288.4	290.7	293.3	291.9	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	197.0	198.6	200.3	199.4	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	637.48	643.27	651.67	662.20	772.74 (18/5)	637.48 (7/8)
PHILIPPINES						
Manila Comp (2/1/85)	1462.76	1463.80	1485.85	1491.98	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	381.51	381.42	387.71	390.59	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1006.04	998.0	1010.0	1028.0	1327.00 (21/1)	998.00 (6/8)
JSE Industrial (28/9/78)	4191.05	4198.0	4203.0	4214.0	4689.00 (4/6)	4103.00 (27/7)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	495.22	500.04	493.33	501.48	691.48 (8/2)	493.33 (5/8)
SPAIN						
Madrid SE (30/12/85)	215.71	217.45	217.87	217.77	266.31 (28/2)	211.35 (28/7)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	850.9	859.4	863.1	864.3	1014.50 (11/5)	834.70 (24/7)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	842.9	847.8	849.1	841.7	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	634.8	638.3	638.9	634.5	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4082.90	4122.78	4134.91	4088.18	5391.63 (30/1)	3947.32 (29/7)
THAILAND						
Bangok SET (30/4/75)	764.43	767.48	761.51	734.48	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl. (1/1/70) (S)	490.3*	492.0	494.7	494.8	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	847.11	857.50	861.16	859.71	976.56 (25/5)	840.06 (27/7)

**Saturday August 1: Taiwan Weighted Price: 4101.84, Korea Comp Ex: 506.57.
*Calculated at 15.00 GMT
‡ Subject to official recalculation.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

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AMERICA

Dow posts gain on computer buy programs

Wall Street

AFTER a hesitant start in the wake of a confusing July employment report, US stock markets posted solid gains in spite of fresh corporate earnings disappointments, *writes Patrick Harverson in New York*.

By 1pm the Dow Jones Industrial Average was up 25.66 at 3,366.22, aided by a strong burst of buying just before midday.

The more broadly based Standard & Poor's 500 was also firmer at midsession, up 2.66 at 423.35, while the Amex composite put on 0.54 at 390.31 and the Nasdaq composite firmed 2.51 to 576.53. Turnover on the NYSE was 114m shares by 1pm.

The eagerly-awaited July employment figures were released before the market opened, showing a 198,000 rise in non-farm payrolls and a small decline in the national unemployment rate to 7.7 per cent.

The payroll number, however, was distorted by the one-off effect of a federal summer jobs programme for teenagers, which added 75,000 to the jobs list. The jobs situation was further confused by a revision in the June figures, which now show a 63,000 fall in payrolls, and not the 117,000 drop originally estimated.

Share prices spent the first hour and a half of trading in a narrow 5-point range. The breakout occured just before noon when a series of computer buy programs lifted stocks higher. A big rise in bond prices – the benchmark 30-year issue rose almost a full point, lowering the yield to below 7.4 per cent – also helped sentiment.

Among individual stocks, a profits warning from Hewlett-Packard was the feature of the day. The big computer group warned late on Thursday that its latest quarterly earnings would come in below analysts' expectations.

By the time trading started, the sellers had lined up and amid heavy trading Hewlett plunged $11⅛ to $60 in turnover of 4.3m shares.

Several other computer stocks fell in sympathy. IBM, which suffered from brokers' downgrades this week, fell another $⅛ to $87⅞ in turnover of 1.4m shares. Digital Equipment eased $¼ to $38⅝, and Motorola slipped $⅛ to $85¼. The exception was Compaq, which firmed $⅜ to $29⅝.

Among the leading stocks that fuelled the Dow's rise were Exxon, up $⅛ to $64, Chevron, up $⅜ at $71¼, Procter & Gamble, $1⅛ higher at $50⅝ and Coca-Cola, up $⅜ at $43⅝.

On the Nasdaq market, Ben & Jerry's climbed $3 to $30½ after the ice-cream company posted second quarter profits of 39 cents a share, up from 23 cents a share a year ago.

Canada

TORONTO stocks held on to early gains, generated by strength in the gold sector. At noon, the TSE 300 index stood 15.47 higher at 3,414.12 in volume of 9.23m shares.

Among active stocks, Bramalea eased 11 cents to C$1.25, Canadian Imperial Bank rose C$⅛ to C$28⅝ and Loewen Group was steady at C$16⅝. Magna A shares fell C$1¼ to C$27⅜.

In the gold sector, American Barrick added C$⅛ to C$35¼, Placer Dome put on C$⅛ to C$13 and Lasmo Canada rose C$⅛ to C$8¼.

SOUTH AFRICA

INSURANCE and banking shares attracted strong demand following some good results from both sectors. The overall index eased 3 to 3,370 while the industrial index lost 7 to 4,191. The gold index added 8 to 1,006.

Little prospect of an early recovery in Vienna

A strong economy cannot offset high interest rates and a poor corporate performance, says Ian Rodger

DISCUSSION about the Austrian stock market these days tends to resemble that about the British economy – few commentators can see any recovery taking form in the near future.

Worse, as the ATX index of 18 leading shares plumbed new depths this week, analysts were groping for ways to understand and explain what is happening. "The market seems heavily oversold, but we have no support levels any more," says Mr Lukas Stipkovich, an analyst at GiroCredit Bank in Vienna.

The feeling is that only a showy, positive event – a drop in German interest rates, a clear end to the war in the former Yugoslavia or a resolution of the uncertainties over the Austrian government's messy privatisation programme – would be enough to overcome the strong negative sentiment. But few see such a watershed event coming soon.

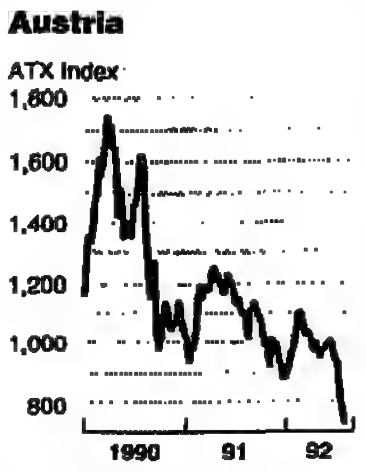
"I do not think the market is going to collapse another 10 per cent, but it is not going to go up in the near future either," says Mr Andrew Thomson, an analyst with Kleinwort Benson in London.

For those familiar with the Austrian economy, all this is more than a little surprising. The economy has grown rapidly in recent years and remains one of the best performers among the industrialised countries, with real growth of between 2 and 3 per cent expected this year. The problem, analysts say, is that the two most dynamic sectors, retailing and tourism, are scarcely represented in the stock market, whereas banking and cyclical industries dominate.

After a dizzying rise in 1989, the all-share index peaked in March, 1990 at 739.21. Since then, it has been all downhill, more or less, and by this week it had shed more than 50 per cent of its value. The index ended at 354.14 yesterday, as the introduction of ATX stock index futures and options trading unsettled the market.

No doubt a significant portion of the fall should be considered a correction from excessive valuations at its peak. The average share was trading then at more than 30 times prospective earnings. Now the average price-earnings ratio is about 17. "That is very close to the level in Germany and much cheaper than in the US and in several other European markets," Mr Stipkovich says.

Austria



Source: Datastream

Since last summer, the war in the former Yugoslavia has driven away many foreign investors who, apparently, fear that it will spill over into Austria. Mr Joseph Oswald, head of research at Creditanstalt, says that he was startled recently to find this view still prevalent among some German investors. "If Germans think like this, what must other foreigners think?," he asks. He estimates that foreigners now account for only a fifth of trading volume compared with about 50 per cent in 1989 and 1990.

The downward trend stopped briefly in the first quarter of this year, but then resumed in the spring when it became apparent that many leading Austrian companies' profits would be affected adversely by the recessionary economic conditions in other countries. Mr Stipkovich says that earnings of quoted companies are likely to decline by 4 to 5 per cent this year on average.

Some first-half results have indeed been disappointing. Z-Länderbank Bank Austria, the largest, reported a 15.7 per cent slump in partial operating profits to Sch867m ($83.4m) while those at Creditanstalt were off 9.5 per cent to Sch845m. Austrian Airlines' loss more than doubled and the group is likely to cut its dividend.

OMV, the state-controlled oil group whose shares are one of the most actively traded on the bourse, lost Sch500m in the first half and saw its chairman resign. As if these developments were not shocking enough, the shares dropped significantly in heavy trading in the days before the announcement, prompting investigations of insider dealing.

OMV is also involved in the government's privatisation plans. Its troubled parent, Austrian Industries, has proposed selling a large block of its OMV holding to raise capital, but the prospect of such a sale in the current anaemic market raises fears of further downward pressure on share prices in general.

The latest blow to confidence has been the rise in German interest rates and the warning by Mr Helmut Schlesinger, the Bundesbank chairman, that no easing of rates should be expected this year.

With the deterioration of sentiment has come a collapse in trading volume, which now runs at only Sch150m a day compared with Sch1bn two years ago. "In these conditions, there is a severe reaction to even small sell orders. So no one is willing to build up positions," Mr Oswald says. "Austrians still have to learn that stocks rise again after falling," he adds.

Slightly more optimistic opinions exist, depending on the timing of German recovery or an end to bad domestic news. But for the moment, no one sees any urgency to start buying Austrian shares. "I do not think you are going to miss anything. The risk of losing 10 per cent is greater than that of gaining 5 per cent," says Mr Stipkovich.

EUROPE

Bourses depressed by disappointing first-half results

THE REALITY, or the anticipation of disappointing first-half results pulled most bourses lower, *writes Our Markets Staff*.

FT-SE Eurotrack 100 - Aug 7

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1071.79	1071.97	1071.45	1068.80	1067.71	1068.68	1066.68	1067.01

Day's High 1071.97 Day's Low 1065.87

Aug 6	Aug 5	Aug 4	Aug 3	Jul 31
1078.71	1081.21	1076.44	1069.17	1067.77

Base value 1000 (26/10/90)

PARIS was depressed by the release of further, poor first-half results and the CAC 40 index closed 1.59 lower at 1,777.27, up 1.3 per cent on the week, in turnover of FFr1.34bn.

Saint-Gobain dropped FFr28 or 5.1 per cent to FFr520 in response to news late on Thursday that the glass and building materials group's turnover rose 3.9 per cent in the first half to FFr38.9bn.

Peugeot fell another FFr7 to FFr642 as its poor first-half results earlier this week prompted analysts to downgrade their full-year forecasts.

Accor dropped FFr19 to FFr619 following the previous day's news that it will have to compensate minority shareholders in Wagons-Lits as a result of its takeover of the Belgian company.

Elf fell a further FFr7.30 to FFr326 while Euro Disney lost FFr2.75 to FFr90 on news that it had decided to close one of its top-of-the-line resort hotels from hotel October to Easter, 1993.

FRANKFURT slowed down, as turnover fell from DM6.1bn to DM3.4bn. After a fall of 3.19 to 635.66 in the FAZ at midsession, the DAX closed 11.65 lower at 1,609.50; falls on the week were 0.2, and 0.4 per cent respectively.

Allianz, with a fall of DM30 to DM1,805, took its decline to 18.5 per cent since the Bundesbank lifted the German discount rate in mid-July. The intervening period has seen poor results from the insurer and sell notes from brokers.

Dealers reacted badly to flat results from Veba, the big utility, leaving the shares DM8.10 lower at DM374.80. However, Mr Michael Crawshaw at County NatWest said that the provisions which had flattened profits had been forecast last May and that, without them, profits would have been a little better than expected, with an underlying gain of 7 per cent.

Bilfinger & Berger led constructions down with a fall of DM21 to DM902. Mr Michael Geiger, also of County, said that UK holders were nervous about Bilfinger's 15 per cent stake in the UK contractor, Birse, and the bad news from the UK construction sector.

BRUSSELS was pulled lower by Petrofina, which announced a bigger-than-expected 56 per cent drop in first half profit after the close on Thursday. The Bel-20 Index fell 9.91 to 1,133.28, a fall of 1 per cent on the week.

Petrofina closed down BFr475 or 4.3 per cent at BFr10,475 in heavy volume of 48,060 shares. Analysts cut their full-year earnings forecasts for the oil company and warned that it might have to cut its 1992 dividend.

Wagons-Lits returned from suspension with a BFr610 leap to BFr6,710.

MILAN fell back in thin trading ahead of the close of the August trading account next week. Dealers were disappointed that the prime minister, Mr Giuliano Amato, had failed to make any concrete commitment to support the stock market at a meeting with Milan stockbrokers on Thursday. Rumours of a further cut in interest rates, which put the lira under pressure, also weighed on equities. The Comit index fell 4.48 to 416.89, up 3.8 per cent on the week, in turnover estimated at less than Thursday's L70.7bn.

STOCKHOLM declined following an unexpected six-month loss from the ball-bearing group, SKF. The Affärsvärlden General Index fell 8.5 to 850.9, down 1.3 per cent on the week, in thin turnover of SKr190m. SKF fell SKr3.50 to SKr94 after reporting a pre-tax loss of SKr194m after a pre-tax profit of SKr63m a year earlier.

AMSTERDAM saw Hoogovens drop 6.7 per cent on fears of disappointing half-year results, losing Fl 2.90 to Fl 40.10. The results are due on Tuesday. The CBS Tendency Index fell 1.0 to 115.9, down 0.5 per cent on the week.

COPENHAGEN was supported by sharp gains in Den Danske Bank following its release of better-than-expected six-month results. The shares gained DKr11 to DKr262, lifting the all-share index by 0.32 to 305.40.

ZURICH maintained its relative strength, a fall of 10.0 to 1,819.6 in the SMI index leaving it still 0.6 per cent higher on the week. Roche advanced SFr70 to SFr5,080 on UK and US interest, the latter related to its ADR programme.

ISTANBUL fell 3.4 per cent to a six-week low on heavy selling as the index dropped 136.72 to 3,932.55, the lowest since 3,840.34 on June 23. The loss on the week was 7.8 per cent.

ASIA PACIFIC

Third day's fall in NTT shares hits Nikkei

Tokyo

ANOTHER drop in Nippon Telegraph & Telephone (NTT) dampened sentiment, prompting selling in other leading blue chips, and the Nikkei average closed sharply lower, *writes Emiko Terazono in Tokyo*.

The Nikkei fell 408.17 to 15,518.27, down 2.5 per cent on both the day and the week. It opened at the day's high of 15,882.08 and fell steadily as dealers unloaded speculative stocks, slipping to a low of 15,451.32 just before the close.

Activity remained dull, with 180m shares changing hands against 185m. Declines led advances by 897 to 58, with 88 unchanged, the Topix index of all first section stocks lost 26.09 points to 1,181.23 and, in London, the ISE/Nikkei 50 index fell 2.76 to 959.52.

NTT posted its third consecutive fall, losing Y42,000, or 7.6 per cent to a new all-time low of Y509,000. Traders said that individual investors who had bought NTT on margin were liquidating holdings due to margin calls.

Short-selling by investors who expect a further fall in NTT has also driven the shares lower. Many investors hoped that the government's lifting of the ban on foreign ownership of NTT shares would prompt foreign buying, but they have been disappointed by the lack of response. "The stock is still too expensive, and the yield is too low to be attractive to foreigners," said Mr Craig Chudler at UBS Phillips & Drew.

Traders added that speculators, who faced margin calls on positions in "theme" stocks, were liquidating high-priced NTT shares to generate cash. Meanwhile, dealers sold off holdings in speculative issues. Meiji Milk Products, the most active issue of the day, fell Y31 to Y765 and Okamoto Industries, lost Y39 to Y901.

High-technology blue chips were lower on small-lot selling. Hitachi fell Y18 to Y740 and Fujitsu lost Y8 to Y557. Meanwhile, large capital issues lost ground on institutional selling, Mitsubishi Heavy Industries falling Y21 to Y504 and Nippon Steel down Y2 at Y264.

In Osaka, the OSE average fell 532.43 to 16,947.11, below 17,000 for the first time since October 1986. Volume rose to 18.6m shares from 17.3m.

Roundup

DECLINES in cautious trading were the general rule of thumb in the Asia Pacific region yesterday.

HONG KONG's Hang Seng index lost 42.9 at one stage on an interim loss at Hutchison Whampoa, but it finished well off the day's lows on bargain-hunting in selected blue chips. It closed 14.34 lower on the day, and 0.5 per cent down on the week, at 5,850.93.

Hang Seng Bank rose HK$1 to HK$55.50 ahead of next Thursday's interims. Turnover improved from HK$1.87bn to HK$2.19bn.

AUSTRALIA also closed above its lows, as weekend bargain-hunting left the All Ordinaries index only 1.9 down at 1,586.7, 1.9 per cent lower on the week. Golds rose 4.1 to 1,154.3 after bullion held above its resistance level of US$348 an ounce in Hong Kong.

NEW ZEALAND felt the weight of the share price slump at Fletcher Challenge, which ended another 14 cents lower at a six year low of NZ$2.82. The NZSE-40 index ended 11.97 lower at 1,543.35.

SEOUL fell back below the 500 mark despite a government announcement of market-boosting measures which boosted prices. The composite index shed 4.82 to 495.22, down 2.9 per cent on the week, in turnover of Won133.3bn.

TAIWAN fell in cautious trading, as the weighted index closed 39.88 down at 4,082.90, down 0.6 per cent on the week. Turnover was thin at T$19.2bn.

SINGAPORE regained some lost ground after its recent losing streak. The Straits Times Industrial Index rose 7.76 to 1,424.59 in volume of 40.94m shares. KUALA LUMPUR's composite fell 1.16 to 597.11, down 0.7 per cent on the week.

BOMBAY rebounded 61.09 or 2.4 per cent to 2,590.68 on institutional buying.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 6 1992								WEDNESDAY AUGUST 5 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	138.40	−1.2	107.54	111.72	106.60	124.82	−1.0	4.38	140.11	108.56	112.74	107.59	126.08	153.88	138.40	151.23
Austria (19)	149.52	−2.3	116.16	120.70	115.16	115.24	−1.9	2.53	152.99	118.54	123.11	117.48	117.45	186.70	149.52	174.74
Belgium (42)	147.62	+0.3	114.70	119.15	113.70	111.03	+0.5	5.54	147.18	114.03	118.42	113.01	110.52	152.27	135.87	132.26
Canada (114)	127.25	−0.2	98.68	102.71	98.00	109.37	+0.1	3.19	127.51	98.80	102.60	97.91	109.23	142.12	124.32	139.10
Denmark (35)	235.13	+0.1	182.71	189.80	181.10	182.20	+0.4	1.93	234.91	182.01	189.03	180.38	181.55	273.94	226.81	258.67
Finland (15)	72.60	−0.5	56.41	58.60	55.92	61.88	−0.1	2.28	72.93	56.51	58.69	56.01	61.94	89.80	69.74	100.35
France (104)	158.72	−0.6	123.33	128.11	122.24	124.61	−0.3	3.61	159.63	123.68	128.44	122.57	124.95	168.75	148.06	132.67
Germany (64)	119.69	+0.1	93.00	96.63	92.19	92.19	+0.4	2.48	119.52	92.60	96.19	91.77	91.77	129.69	114.67	108.80
Hong Kong (54)	243.68	+0.2	189.34	196.68	187.68	241.89	+0.3	3.39	243.13	188.38	195.64	186.71	241.28	259.55	176.36	168.84
Ireland (16)	156.88	−0.8	121.90	126.63	120.83	122.94	−0.6	4.29	158.15	122.54	127.26	121.44	123.70	173.71	151.78	154.56
Italy (78)	66.05	+0.1	51.32	53.31	50.87	55.26	+0.4	3.75	65.97	51.12	53.08	50.66	55.02	80.86	61.30	74.92
Japan (473)	93.97	−0.7	73.02	75.85	72.39	75.85	−0.4	1.12	94.62	73.31	76.14	72.67	76.14	140.95	88.70	130.33
Malaysia (69)	240.66	−1.0	187.00	194.26	185.36	231.83	−0.9	2.70	242.97	188.25	195.50	186.57	234.03	250.47	212.49	214.65
Mexico (18)	1379.06	+0.4	1071.59	1113.20	1062.20	4679.45	+0.3	1.28	1373.24	1063.99	1105.03	1054.50	4666.45	1789.77	1303.41	1093.67
Netherland (25)	162.32	−1.1	126.13	131.02	125.02	123.68	−0.9	4.53	164.19	127.21	132.12	126.08	124.81	167.29	147.88	139.60
New Zealand (14)	45.97	+0.1	35.72	37.11	35.41	44.91	+0.2	5.06	45.90	35.57	36.94	35.25	44.83	48.52	42.01	47.59
Norway (23)	159.83	−1.9	124.20	129.02	123.11	126.42	−1.6	1.99	162.96	126.26	131.13	125.14	128.51	192.95	159.83	202.48
Singapore (38)	200.45	−2.6	155.76	161.81	154.39	148.86	−2.6	2.22	205.81	159.46	165.61	158.04	152.84	229.63	192.76	198.13
South Africa (61)	208.60	+0.4	162.09	168.38	160.66	169.33	−1.5	3.01	207.66	160.90	167.10	159.46	171.90	263.60	194.69	248.74
Spain (49)	140.16	−0.5	108.91	113.14	107.95	100.50	−0.1	5.84	140.90	109.17	113.38	108.19	100.60	161.72	136.49	151.09
Sweden (30)	189.23	−0.7	147.04	152.75	145.75	150.78	−0.4	2.73	190.65	147.71	153.41	146.40	151.35	200.28	173.09	188.32
Switzerland (62)	111.99	−0.6	87.02	90.40	86.27	92.41	−0.1	2.32	112.63	87.27	90.64	86.50	92.49	113.88	95.99	93.71
United Kingdom (228)	179.75	−0.9	139.68	145.09	138.44	139.68	−0.6	5.32	181.40	140.55	145.96	139.28	140.55	200.07	165.65	176.31
USA (522)	171.38	−0.4	133.17	138.34	132.00	171.38	−0.4	2.93	171.98	133.25	138.40	132.07	171.98	173.10	160.92	157.93
Europe (790)	146.94	−0.6	114.18	118.61	113.18	114.14	−0.3	4.21	147.82	114.53	118.95	113.51	114.47	156.88	139.31	138.92
Nordic (103)	174.12	−0.6	135.30	140.55	134.11	132.28	−0.2	2.40	175.10	135.67	140.90	134.46	132.59	188.52	169.29	187.96
Pacific Basin (716)	100.51	−0.7	78.10	81.14	77.42	82.19	−0.4	1.50	101.21	78.42	81.44	77.72	82.53	141.97	94.40	131.84
Euro - Pacific (1506)	119.29	−0.6	92.69	96.28	91.87	95.40	−0.3	2.85	120.06	93.02	96.60	92.19	95.74	145.21	113.80	134.98
North America (636)	168.61	−0.3	131.02	136.12	129.89	167.15	−0.3	2.94	169.20	131.09	136.16	129.95	167.70	170.31	158.70	156.69
Europe Ex. UK (562)	126.76	−0.4	98.50	102.34	97.66	99.26	+0.0	3.43	127.24	98.58	102.41	97.72	99.31	132.98	121.81	116.71
Pacific Ex. Japan (243)	165.04	−0.7	128.24	133.24	127.13	147.81	−0.6	3.63	166.16	128.74	133.73	127.61	148.67	175.31	149.00	146.86
World Ex. US (1699)	121.31	−0.6	94.26	97.93	93.44	97.78	−0.3	2.85	122.04	94.56	98.21	93.72	98.12	146.91	116.45	136.88
World Ex. UK (1993)	133.24	−0.4	103.53	107.56	102.64	118.29	−0.3	2.58	133.83	103.69	107.70	102.78	118.66	150.58	127.21	139.78
World Ex. So. Af. (2160)	136.82	−0.5	106.32	110.46	105.39	119.79	−0.3	2.88	137.52	106.55	110.67	105.61	120.20	153.05	130.04	142.26
World Ex. Japan (1748)	161.32	−0.4	125.35	130.23	124.27	145.85	−0.3	3.42	162.02	125.53	130.39	124.43	146.35	165.40	153.20	151.01
The World Index (2221)	137.26	−0.5	106.66	110.80	105.73	120.25	−0.3	2.88	137.94	106.88	111.00	105.93	120.68	153.70	130.66	142.98

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Exch 12¼pc 1992		100 7/32xd	—	101¼	100 1/32	12.22	–
13½pc 1992		100 11/16	—	102⅛	100 11/16	13.45	9.83
Treas 8¼pc 1993		99 5/32xd	+1/32	99⅜	97 13/16	8.31	9.70
10pc 1993‡‡		99 31/32	—	100½	99 15/16	10.00	9.91
12½pc 1993‡‡		102 7/32	....	103 13/16	101 11/16	12.22	9.87
Funding 6pc 1993‡‡		96⅞	—	97 13/16	95 7/32	6.19	9.05
Treas 13¾pc 1993‡‡		104½	—	106 13/32	104⅛	13.16	9.84
8½pc 1994		98 15/32	+1/32	99 1/16	96¾	8.63	9.63
14½pc 1994‡‡		109⅝xd	+1/16	109⅛	108 11/16	13.60	9.86
Exch 13½pc 1994		105⅝	+1/32	107 13/32	105 1/16	12.78	9.82
Treas. 10pc Ln. 1994‡‡		100 15/32	+1/16	101⅝	98 13/32	9.95	9.68
Exch 12½pc 1994		104 13/32xd	+1/32	106 7/16	103 13/16	11.91	9.77
Treas 9pc 1994‡‡		98 27/32	+1/32	99 13/32	96⅝	9.11	9.53
12pc 1995		104⅞xd	+1/32	106 13/16	103⅛	11.44	9.70
Exch 3pc Gas 90-95		91⅞	—	94 13/32	88¼	3.27	6.10
10¼pc 1995		101½	+⅛	103⅛	99 1/16	10.10	9.63
Treas 12¾pc 1995‡‡		108 15/32	+1/32	110 13/32	106⅝	11.75	9.62
14pc 1996		112	+1/32	114 5/32	110 1/16	12.50	9.79
9pc 1992-96‡‡		98 23/32	+1/32	100 7/32	96 7/16	9.12	9.40
15¼pc 1996‡‡		116 23/32	+1/16	119 1/16	114 15/32	13.07	9.78
Exch 13¼pc 1996‡‡		110 21/32	+1/16	112⅞	108½	11.97	9.77
Conversion 10pc 1996		101 13/32	+1/32	103⅜	98 15/32	9.86	9.55
Treas 13¼pc 1997‡‡		112⅜	+1/32	114 11/16	110 3/32	11.79	9.73
Exch 10½pc 1997		103 15/32xd	+1/32	105 13/16	100 23/32	10.15	9.53
Five to Fifteen Years							
Treas 8¾pc 1997‡‡		97 7/16xd	+1/32	99 1/16	94	8.99	9.41
Exch 15pc 1997		120 13/32	+¼	123 13/16	118 3/16	12.42	9.79
9¾pc 1998		101⅛	+1/32	103 3/16	97 11/32	9.64	9.47
Treas 6¾pc 1995-98‡‡		91	+1/32	93 1/32	86 11/32	7.42	8.76
15½pc '98‡‡		126 5/16	+1/16	129 5/16	123 3/16	12.28	9.71
Exch 12pc 1998		111	+1/16	113¾	107 13/32	10.81	9.60
Treas 9½pc 1999‡‡		101	+1/16	103⅜	97 5/32	9.41	9.27

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Exch 12¼pc 1999		112 31/32	+1/16	115 3/16	109½	10.87	9.60
Treas 10½pc 1999		105 1/16	+⅛	107 13/16	101 13/32	9.99	9.46
Conversion 10¼pc 1999		104 1/16	+1/32	106 13/16	100 11/32	9.85	9.45
9pc 2000‡‡		98⅝xd	+1/32	100 11/16	94⅝	9.13	9.26
Treas 13pc 2000		118 7/16	+1/16	121⅛	114 13/32	11.00	9.66
10pc 2001		103¾xd	+⅛	106¼	99 13/32	9.64	9.34
14pc '98-01		118 7/16	+1/32	121	115 13/16	11.83	9.78
9¾pc 2002		102⅞xd	+1/32	105⅜	98⅜	9.48	9.30
10pc 2003		105 3/16xd	+1/32	107 7/16	100 1/16	9.52	9.26
Treas 11½pc 2001-04		111 1/16	+⅛	113 13/16	107 1/16	10.35	9.57
Funding 3½pc '99-04		66 3/16	+1/16	66 13/16	59½	5.30	7.94
Conversion 9½pc 2004		102¼	+¼	104 13/16	95 27/32	9.29	9.19
9½pc 2005		102⅜	+¼	104 27/32	96 11/32	9.28	9.17
Treas 12½pc 2003-05		120⅞	+1/16	124⅝	116 3/16	10.34	9.44
8pc 2002-06‡‡		90 13/32	+¼	93	85½	8.81	9.16
Treas 11¾pc 2003-07		115 3/16	+¼	118 13/32	110 13/32	10.19	9.41
Over Fifteen Years							
Treas 8½pc 2007‡‡		95 7/32	+1/16	97 7/16	89 11/16	8.92	9.08
13½pc '04-08		128⅛	+1/16	132 1/16	123 13/32	10.53	9.44
9pc 2008‡‡		99 13/32	+1/32	101 11/32	93 13/32	9.04	9.04
8pc 2009		91	+1/16	93 11/32	85 3/16	8.79	9.04
Conv 9pc Ln 2011‡‡		99 13/32	+1/16	102 13/32	93 11/32	9.02	9.02
Treas. 9pc 2012		100 3/16	+1/16	102 5/16	93 11/16	8.99	8.99
9pc 2012 A		78 3/16	+1/32	72 13/32	69 1/16	8.99	8.99
Treas 5½pc 2008-12‡‡		69 13/32xd	+¼	70 13/32	62⅞	7.99	8.85
7¾pc 2012-15‡‡		88 3/16xd	+1/16	90 13/32	81 13/32	8.79	8.98
Exch 12pc '13-'17		127 1/16	+1/16	130 13/32	120⅛	9.44	9.10
Treas 8¾pc 2017		98 7/32xd	+1/32	101	91⅛	8.94	8.94
Undated							
Consols 4pc		43 3/16	—	44⅛	39⅞	9.28	–
War Loan 3½pc‡‡		38 1/16	—	39¾	35 3/16	9.14	–
Conv 3½pc '61 Aft		61⅞	—	62⅞	59	5.66	–
Treas 3pc '66 Aft		31⅞	—	32⅝	29 13/32	9.41	–
Consols 2½pc		27 1/16	—	27 13/32	24 13/32	9.28	–
Treas. 2½pc		27	—	27¾	24 11/16	9.26	–

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	126 13/32	+⅛	127⅝	122⅝	2.96	4.34
2pc '96	(67.9)	181 11/16	+⅛	184¼	176⅛	3.83	4.45
2½pc '01	(78.3)	145	+⅛	148 11/16	143	4.40	4.72
2½pc '03	(78.8)	140½	+⅛	144 13/32	138 3/16	4.43	4.71
2pc '06	(69.5)	142 3/16	+⅛	147 1/16	139 3/16	4.44	4.65
2½pc '09	(78.8)	129 11/16	+⅛	134¼	126 3/16	4.44	4.64
2½pc '11	(74.6)	133 13/32xd	+⅛	138 13/32	129⅝	4.42	4.60
2½pc '13	(89.2)	109 13/32xd	+⅛	114 7/16	106 3/16	4.41	4.57
2½pc '16	(81.6)	117¼xd	+⅛	121⅞	112⅞	4.37	4.52
2½pc '20	(83.0)	112 7/16	+⅛	117⅛	107 13/16	4.35	4.48
2½pc '24‡‡	(97.7)	93 1/16	+⅛	97 7/16	88⅞	4.32	4.46
4⅛pc '30‡‡	(135.1)	94 13/16	+⅛	98⅛	94½	4.29	4.42

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1991: 135.7 and for June 1992: 139.3

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		112 13/32	+13/32	115 21/32	105⅞	9.87	9.59
Asian Dev 10¼pc 2009		108 13/32	+13/32	109 11/16	100 3/16	9.38	9.40
B'ham 11½pc 2012		111½	—	113½	102¾	10.31	10.15
Ireland Cap 8½pc '10		89½	—	98¼	88⅞	9.50	–
9pc Cap 1996		92¾	+⅛	99¾	90	9.70	–
13pc '97-02		105¾	—	116½	103⅞	12.29	–
Hydro Quebec 15pc 2011		139 1/16	+13/32	141 11/16	130⅞	10.78	10.26
Leeds 13½pc 2006		123	—	126	116¼	10.98	10.40
Liverpool 3½pc Irred		33½	—	33½	30	10.45	–
LCC 3pc '20 Aft		30½	—	30¾	27	9.84	–
Manchester 11½pc 2007		110	—	111¼	103¼	10.46	10.31
Met. Wtr. 3pc 'B'		60	—	61	53	5.00	8.73
N'wide Anglia 3⅞pc 2021		108	—	111¼	103¼	–	5.51
4¼pc IL 2024		107¼	—	110¼	103¼	–	5.29
Utd Mex States 16½pc 2008		123½	—	126	121½	13.36	12.87

AMERICANS

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MEDIA - Cont.

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♯ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.

[illegible]

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FINANCIAL TIMES
Weekend August 8/August 9 1992

UK's net debt in 1990 believed to be first in almost 50 years

Current account deficit widens

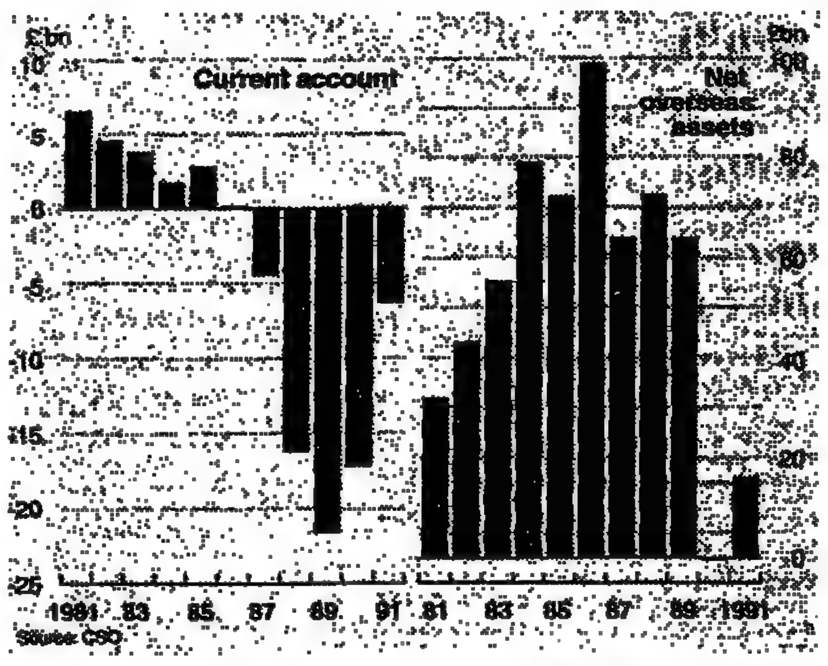
By Peter Norman, Economics Correspondent

BRITAIN'S current account deficit last year was £1.1bn greater than previously estimated, according to revised government statistics which also suggest the UK was a net debtor to the rest of the world in 1990.

New figures showing worse-than-expected invisible trade results prompted the Central Statistical Office to revise upwards Britain's 1991 current account deficit to £6.32bn from the £5.2bn figure published in June and an earlier estimate of £4.4bn.

More surprising was the CSO's disclosure that in 1990 the UK's net assets abroad were £407m less than its foreign liabilities. Although the CSO said valuation problems and omissions meant its figures could not be an exact measure of the UK's external debtor or creditor position, 1990 was the first year since records began in 1966 in which the UK recorded a net debt position.

It probably marked the first time since immediately after the second world war that Britain had been a debtor nation.



The disappearance of Britain's overseas assets reflects a remarkable change since the mid-1980s, when the UK was a substantial oil producer and investing its surpluses abroad.

As recently as March 1987, Mr Nigel Lawson, the then chancellor, boasted in his Budget speech that UK net overseas assets were "well over £100bn" (a claim not supported by the latest data) and "second only to those of Japan". These, he said, would "provide a continuing support to the current account in the years ahead".

Last year, the government's annual balance of payments Pink Book estimated that the UK had net overseas assets of nearly £29.6bn in 1990, a figure revised down to £20bn in the 1992-93 Budget in March. Yesterday's CSO release suggested that by the end of 1991, the UK was back in the black with net overseas assets of £16.07bn.

The latest data – released in advance of formal publication of the Pink Book – also show that previous official figures painted too positive a picture of the UK current account balance in earlier years.

The deficit, which measures the UK's trade in goods and invisibles such as services, dividend payments and certain transfer payments, is now put at £17.03bn in 1990 against £16.08bn previously.

Ironically, the extensive revisions largely reflect the government's efforts to improve official statistics. These include new ways of valuing exports, improved measures of consultants' and advertising earnings abroad, and changed dividend and interest estimates.

One important effect has been to reduce the contribution made by investments and services to the UK balance of payments. The services surplus for last year is now put at £4.99bn against a previous estimate of £5.37bn, while the contribution from interest, profits and dividends was revised down to £328m from £898m.

Filings for personal bankruptcy soar

By Andrew Jack

THE NUMBER of individuals filing for personal bankruptcy jumped 80 per cent to more than 8,000 in the first six months of 1992 compared with the same period last year.

As the recession continued to bite, the number of companies petitioning to be wound up rose by 6 per cent to more than 11,000 during the same period, according to figures from the Lord Chancellor's Department released yesterday.

While the government reaffirmed its determination to keep a tight grip on the economy in a speech by Mr Stephen Dorrell, financial secretary to the Treasury, the new figures were used by Mr Robin Cook, shadow trade and industry secretary, to attack Mr Norman Lamont, the chancellor of the exchequer.

"How many more personal bankruptcies does the chancellor think is a price well worth paying?" Mr Cook asked. "How many companies have to go under before this government changes direction?"

Mr John McQueen, chief executive of the Bankruptcy Association, which represents individual bankrupts, said the figures were "absolutely disgraceful".

"This recession has made the situation around the country horrendous," he added.

In a further indication of the effects of the recession, separate figures released by the Department of Trade and Industry show the number of company insolvencies – businesses officially deregistered – 8 per cent up over the same period, and individual bankruptcies approved by the courts up by 49 per cent.

Mr Steve Hill, a partner with Cork Gully, the insolvency arm of the accountancy firm, Coopers & Lybrand, said that much of the increase in filings was the result of the recession. However, he stressed that over the past two years it had also become far easier for people to file for bankruptcy, as the government's insolvency service had reduced the level of investigation it conducted before approving petitions.

He added that there was less of a stigma at being bankrupt than in the past, and counselling services were increasingly encouraging people to file in order to manage escalating debt.

Debtors' bankruptcy petitions in the English and Welsh courts were 8,225 to the end of June, compared with 4,564 in the first half of 1991.

There was some evidence, however, that the rate was beginning to slow, with the number of petitions dropping slightly between the first and second quarters this year – from 4,395 to 3,830.

The figures from the Lord Chancellor's Department also showed bankruptcy petitions by creditors – filed against individuals owing them money – up by 28 per cent to 14,807 on the first two quarters of last year.

Seasonally adjusted statistics from the DTI, which are published by the British Chambers of Commerce, showed that 5,816 companies became insolvent in the second quarter this year, compared with 5,835 in the first quarter and 5,403 in the second quarter of last year.

There were 8,669 individual insolvencies in the second quarter this year, compared with 8,884 in the first quarter and 5,830 in the second quarter last year.

Winding-up and bankruptcy petitions in the courts do not always result in insolvencies, and there is a delay before any that do are reflected in the DTI figures. Historically it takes several months before any sign of economic recovery is reflected in a decline in insolvency statistics.

THE LEX COLUMN

In charted waters

If you believe the chartists, the equity market is now teetering on the edge of a black hole. Yesterday the FT-SE flirted with the 2,445 low reached just before Christmas. If this level were breached, chartist theory shows no obvious sign of resistance until 2,150, from where prices rallied during the Gulf war. With present low volumes, the market might just be tempted to try to prove the chartists right. Then again, equities would look ridiculously cheap with the index at 2,150.

The yield ratio between equities and gilts would fall to 1.6 times, against 1.75 times at present and a long-term average of around 2. The prospective p/e for the market as a whole would fall from perhaps 13.5 to little over 12.25. Logic suggests that buyers would step in before these levels were reached, though it would help if there were some more encouraging news around.

The interim results season has so far produced figures roughly in line with forecasts but a worrying tendency for negative comment on the trading outlook. Yesterday's company insolvency figures show a rate of attrition which, while stable, is still unacceptably high. Sterling remains pinned to the bottom of the ERM grid. The Bundesbank left interest rates unchanged at its latest council meeting but it could still decide on another turn of the monetary screw. Uncertainty ahead of France's Maastricht referendum on September 20 is an almost surplus excuse to do nothing. Shares are marked down in the hope of finding buyers, but none come forward. Still, if that gives the chartists their chance, canny investors will look for bargains.

Unilever

In retrospect it is surprising that a solid and well spread business such as Unilever managed to outperform so sharply in the dizzy stock market conditions of the late 1980s. Amid a welter of provisions, chopped dividends and forecasts of unending recession, however, it seems natural that its class should shine through. Yesterday's 14 per cent rise in second-quarter profits not only left the shares 10p higher at 953p; these better-than-expected results put the price back within 2 per cent of its all-time high.

Unilever, to be sure, can put much of the gain down to increased efficiency and a lower interest charge. Borrowings have come down by £900m over the past 12 months on the back of

FT-SE Index: 2350.1 (-27.5)

healthy disposal proceeds and a tight working capital squeeze. There were also special factors in the company's favour, such as the right weather for ice cream sales and a relatively indifferent comparative quarter in the US. On the other hand, the profit was struck after an estimated £20m of exceptional restructuring charges – a heavier burden than this time a year ago – while better volumes were achieved in most parts of the globe. Consumer products generally fared better in this respect than the company's industrial interests.

On this showing, Unilever is still set to make around £1.95bn for the year, which puts the shares on a multiple roughly 10 per cent higher than the market average. Given that Cadbury Schweppes is on a premium of more than 20 per cent to the market – albeit reflecting slightly more exciting growth prospects – Unilever's rating does not seem excessive.

UK building sectors

Careless talk costs lives; loose talk of a fresh rise in the mortgage rate costs further misery for quoted housebuilders and building material businesses. The two sectors have been among the most dismal stock market performers since the general election as hopes for an early let-up in interest rate pressures disappeared. Building material shares are now just over half what they were at the peak in July 1987. The contractors' paper is worth less than a third of its value five years ago.

It would be nice to believe that the worst is now behind. The shake-out has been severe by any standards, with bears hitting out indiscriminately ahead of next month's interim results season. The trouble is that with scant faith in the market's earnings, dividend or net asset value forecasts, it is hard to see where the buying will come from in the short term.

From the anecdotal evidence of the past few weeks, investors are worried that there are shocks on all these counts in store, and are equally nervous about 1993. Uncertainty is spreading about the impact on profits of a further round of rationalisation as stronger companies increasingly seek to match capacity to lower levels of activity. Only very brave investors will touch the contractors; leading material companies such as RMC, Redland and Blue Circle may well prove to be cheap on a medium-term view.

Japan

Yesterday's 8 per cent fall in the price of NTT was only the latest chapter in a sorry tale. From a high of more than Y3m, the shares in Japan's domestic telephone company have fallen to just over Y500,000, leaving institutions and individuals stranded. With NTT the most widely held share in Japan, further declines are bound to have an impact in confidence and delay the return of investors to the market.

However, the reasons for the latest fall are largely technical. Speculators had earlier bought stock hoping that foreigners would follow when ownership restrictions were eased this week. That did not happen, and the traders were forced to sell. Institutions have also been discreetly realising losses in NTT while they can be offset against gains in the government bond market. Where NTT has fallen, the rest of the market need not follow.

That said, there are still reasons for concern. As the Nikkei falls towards 15,000, the health of the financial system is once again in question. Particular attention is focused on real estate companies and trust and credit banks. The ministry of finance is resisting arguments which would help the banks that the government should support land prices by acting as a buyer of last resort. By contrast, manufacturing earnings may be approaching their nadir, and further share price falls among these companies should be limited. If that gives succour to investors, the danger to the banks should not be forgotten. It is still too soon to call the bottom.

Nikkei dragged down as NTT shares end week at record low

By Gordon Cramb and Emiko Terazono in Tokyo

THE ANGUISH of the Japanese government and the ire of the country's individual shareholders intensified yesterday as stock in the semi-privatised Nippon Telegraph and Telephone dropped 7.6 per cent to a record low.

This left NTT, Japan's most widely held share, down 13.4 per cent on the week – even though the issue was opened from last Saturday to ownership by foreign investors.

Its decline yesterday dragged down the market, with a 408.17 fall to 15,518.27 in the Nikkei average of the country's 225 leading quoted companies, of which NTT is a crucial component.

Shares in the company have been sliding for more than five years as profit expectations for the domestic telecommunications utility went unmet, but this latest week was one of the shares' worst.

From an original flotation price of Y1.197m each in early 1987 and an ascent to a peak Y3.18m that spring, NTT closed yesterday at just Y509,000 (£2,100), down Y42,000 on the day.

NTT has 1.6m separate shareholders, many of whom have only share each because of its high offer price.

Mrs Nobuko Otake, a metropolitan housewife and one of the NTT's army of shareholders, said: "The price right now is below half the price I paid. I can't see it ever getting back to the original price, because a second release of the shares is on the way."

The proposed sale is part of the problem for the government, which still owns two-thirds of NTT and is scheduled to sell a further tranche in the current fiscal year, which ends in March.

Mr Tsutomo Hata, the finance minister, under pressure to provide a prop for the market, yesterday stalled investors again by saying he would decide on any sale only after "closely monitoring stock market developments and other conditions for some more time".

The government wants to offload only another 3.2 per cent of NTT this time but the company's size means that, even if priced at yesterday's trough level, the sale would raise Y254.5bn.

This, with the planned stock market launch of JR East, the first of the regional companies created in the break-up of the national Japan Railways, would go some way towards financing promised measures to stimulate the economy.

A supplementary budget due next month is expected to inject Y5,000bn to Y8,000bn into Japan's sagging economy. But in the face of dwindling growth in tax revenues, the government's funding plans are being skewed by its inability in the current poor equity market conditions to deliver income for which it has budgeted.

Mr Shimichi Kawamoto, a Tokyo office worker who bought two shares in the initial NTT sale, said he had sold one.

Government moves to break up the company – a profitable unit in mobile telecommunications has already been spun off from the parent – had caused distress, he said. "There's a lack of disclosure. Investors weren't told about such plans in the beginning," he complained.

Shareholder Mrs Otake said she wanted to sell out by next year. "I thought this share was different from the others, guaranteed by the government."

World markets, Page 19

Mozambique peace pact

Continued from Page 1

the wide destruction of the infrastructure and fears that Renamo is not so much an organised movement as a collection of gangs and warlords. Renamo attacks continued during the latest peace talks.

Participants in Rome remained optimistic, however. "This is an historic day for the people of Mozambique and Africa . . . Please, no more deaths," said Zimbabwe's President Robert Mugabe, who, with church leaders and the Italian government, helped broker the pact.

President Mugabe and President Chissano paid tribute at the signing to the role played in the long peace process by Mr Tiny Rowland, chief executive of Lonrho, the British conglomerate. "Well done, Tiny," said Mr Mugabe, embracing Mr Rowland, while Mr Chissano spoke of "our friend Tiny".

Lonrho has big commercial, agro-industrial and mining interests in Mozambique and Zimbabwe. Mr Rowland's involvement in the peace process goes back over two years, when he arranged the first meeting of the two sides in Malawi. He has also been trying to mediate in the Sudanese civil war.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Berliner Bank	256	+	11
Colonia Konzm	727	+	17
Heidelb Zem	865	+	35
Falls			
Bilf & Berger	902	−	12
Schmalbach Lub	385	−	29
Veba	374 .8	−	8 .1
New York ($)			
Rises			
Ben & Jerrys	30½	+	3
Chevron	71¼	+	⅞
Falls			
Digital Equip	38⅜	−	¼
Hewlett	60	−	11½
IBM	87¾	−	½
Motorola	85¼	−	[illegible]
New York prices at 12.30pm			
Paris (FFrs)			
Falls			
Accor	619	−	19
Euro RSCG	575	−	15
Intertechnique	671	−	19
Radiotechn	415	−	31
SILIC	554	−	33
Saint Gobain	520	−	28
Tokyo (Yen)			
Falls			
Chugoku Marine	460		65
Hanwa	1200	−	200
Matsuzakaya	1020	−	200
Sanno	700	−	100
Shin Nippon Air	1740	−	260
Yakult Honsha	1040	−	150
London (Pence)			
Rises			
[illegible]	5¼	+	1
Learmth Brchtt	104	+	13
Norcros	90	+	3
Unilever	953	+	12
Wace	456	+	18
Falls			
AMEC	74	−	10
Argos	39	−	7
Barclays	324	−	10
BP	185½	−	11
CMW	12	−	11
Fairway	47	−	7
Frogmore Ests	199	−	33
Gleeson (MJ)	583	−	57
Low (Wm)	188	−	14
Meggitt	87	−	7
Northern Foods	520	−	21
Pilkington	81	−	5
Proteus Intl	301	−	19
RMC	454	−	17
Royal Insce.	167	−	17
Simon Eng	167	−	18
Smith New Ct.	88	−	6
Wholesale Ftgs.	183	−	60

World Weather

UK Today: Cloudy conditions with heavy rain, accompanied by thunderstorms over much of southern England, will extend northwards, reaching central Scotland by early evening. But southern areas should become brighter.

		°C	°F
Ajaccio	S	31	88
Algiers	S	31	88
Amsterdam	S	23	73
Athens	S	32	90
Bahrain	S	33	91
Barcelona	F	28	82
Beijing	F	29	84
Belfast	F	17	63
Belgrade	S	31	88
Berlin	S	25	77
Biarritz	F	31	88
Birmingham	S	17	63
Blackpool	F	18	64
Bombay	F	29	84
Bordeaux	S	33	91
Boulogne	S	27	81
Bristol	S	17	63
Brussels	S	26	79
Budapest	S	32	90
Buenos Aires		−	−
Cairo	S	34	93
Cape Town	F	[illegible]	[illegible]
Cardiff	C	17	[illegible]
Chicago †	S	17	[illegible]
Cologne	S	29	[illegible]
Copenhagen	S	[illegible]	[illegible]
Corfu	S	34	93
Dallas †	S	[illegible]	[illegible]
Dublin	C	[illegible]	[illegible]
Dubrovnik			
Edinburgh	S	[illegible]	[illegible]
Faro	S	[illegible]	[illegible]
Florence	S	[illegible]	[illegible]
Frankfurt	S	30	86
Geneva	S	30	86
Gibraltar	S	28	[illegible]
Glasgow	[illegible]	14	[illegible]
Guernsey	F	19	[illegible]
Helsinki	C	17	63
Hong Kong	S	32	90
Innsbruck	S	30	[illegible]
Inverness	C	17	63
Isle of Man	F	16	61
Istanbul	S	29	84
Jersey	S	21	70
Johannesburg	S	19	66
Las Palmas	S	25	77
Leeds	R	15	59
Lisbon	F	25	77
Locarno	S	30	86
London	F	22	72
Los Angeles †	C	21	70
Luxembourg	S	28	82
Madeira	C	24	75
Madrid	S	34	93
Majorca	[illegible]	30	86
Malaga	S	31	88
Malta	S	32	90
Manchester	F	18	64
Melbourne			
Mexico City		−	−
Miami †	F	29	84
Milan	S	33	91
Montreal †	S	18	64
Moscow	S	26	79
Munich	S	31	88
Nairobi	F	17	63
Naples	S	35	95
Nassau		−	−
Newcastle	F	17	63
New Delhi	F	31	88
New York †	S	21	70
Nice	S	31	88
Nicosia	S	32	90
Oporto	S	27	81
Oslo	S	20	68
Paris	S	31	88
Perth	C	13	55
Prague	S	29	84
Reykjavik	S	11	52
Rhodes	S	30	86
Rio de Janeiro		−	−
Rome	S	32	90
Salzburg	S	31	88
S'Francisco †	F	14	57
Seoul	R	21	70
Singapore	F	31	88
Stockholm	F	21	70
Strasbourg	S	30	86
Sydney		−	−
Tangier	F	29	84
Tel Aviv	S	30	86
Tenerife	S	27	81
Tokyo	S	32	90
Toronto †	S	15	59
Tunis	S	33	91
Valencia	S	31	88
Vancouver †	F	14	57
Venice	S	32	90
Vienna	S	32	90
Warsaw	S	31	88
Washington †	S	20	68
Wellington	S	11	52
Zurich	S	30	86

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

Weekend FT
SECTION II
Weekend August 8 / August 9 1992

The Long View/Barry Riley

Number 29, your time is up

DADDY, WHY do we have to leave home to live at granny's next week? Will I have to sleep in that tiny room? Where will I put my computer?

Well, son, I'm afraid it's what people call repossession. At least, everybody except the officials at the Bank of England, who call it possession. I suppose instead of the repo man they talk about the po man. Anyway, our building society has the right to take over the house because we've fallen behind with the mortgage payments.

Why can't you sell it and pay them back?

It's because we bought the house in 1988 on a 90 per cent mortgage. Since then house prices have fallen by about 25 per cent in these parts. So the house is now worth less than the loan, especially because we have fallen a few months behind with the monthly instalments.

But you could pay most of it back, couldn't you? Then perhaps you could pay the rest later.

Yes, but it isn't as simple as that. You see, when I bought the house the building society made me pay for an insurance policy called a mortgage indemnity plan. When the house is sold for less than the money owed the insurance company will pay the difference. But the policy only pays out when the house is repossessed by the building society and sold.

But that's good, isn't it, Daddy? If you bought an insurance policy you won't be made to pay for the losses. It's like when Mummy crashed the car last year.

I'm afraid you don't know much about the way insurance works, son. Although we paid the premium, the benefits only go to the building society. Then the insurance company will make a claim on us for whatever it has paid out, which could easily be £20,000. Of course, we don't have any money. So I have no idea what we will do.

Will it take ages to sell our house? Number twenty-nine was empty for ever and you could hardly see it for grass and weeds. The Avenue Gang kept going in there and breaking the windows until they were boarded up. They said they found twenty pounds under a carpet, and they sold some lead pipe to a man with a cart. And in the kitchen there was the biggest wasps' nest you ever saw. Mr Higgins next door kept saying it was a disgrace and a danger to the public.

I know, that house was repossessed too. It's what I'm afraid of. As soon as the house is repossessed it will start deteriorating and it will be worth a lot less than I could sell it for now if the building society would only let me. So our losses will be greatly increased.

Doesn't that mean that the building societies are making things worse by taking homes over? Why can't we stay here until this house is sold? They don't sound very nice. And they don't seem to care if prices go down and down. They sound really stupid.

Yes, it seems like that to me sometimes. But I suppose they are following their own rules. You see, they never expected a crisis like this. Until a few years ago there were hardly any repossessions at all, and only because the people in those houses had run away or died or something. But now there are hundreds of thousands of homes at risk up and down the country.

Daddy, you said once that the house would be worth a lot of money and it would come to me one day. Was that wrong? And you talked about some kind of housing ladder. What happened to that?

I'm afraid that like a lot of dreams it has all come to nothing. For a long time it seemed that a house was the best investment anybody in Britain could possible make. Once you managed your first step on the housing ladder you could move upwards and make more and more money. House prices would rise while debts would be more affordable because your income was always rising.

But it has all gone horribly wrong. Debts have become more expensive, but house prices have gone down. The ladder has lost its rungs.

So when you make your will and die, you won't be able to leave me a house. Where will I live? Will I still be in the little back bedroom at granny's?

Maybe it won't be so bad for you. Many years ago people thought that buying houses was a mug's game and they rented their homes instead. Later it became almost impossible to rent, but there were big profits for those who bought. I suppose it was my bad luck to come along at a time when the cycle had run its course and prices had finally stopped rising.

But won't the government do something, Daddy? On the Radio One news they said the government was being asked to kickstart the housing market. People would be given incendiaries so they could buy houses.

Well, incentives, actually, although sometimes I think I would be better off setting off a few incendiaries in this place. Then I really would get the benefit of the insurance payments.

But seriously, the incentives would have to be extremely expensive if they were to do any good. I think that your generation will need to have a very different attitude to owning houses - more like they have in Germany, for instance. It may be better to rent, at any rate unless you are quite old, or very wealthy. You won't be able to expect rising house prices to pay off your mortgage painlessly. You will do better to put your life savings into other kinds of investments.

So who will own the houses then, Daddy?

I expect the banks and building societies will still have them on their books, son. Perhaps, if you have a bit of money, you will be able to buy this house back again really cheaply.

But then you will have to start cutting the grass.

Houses: the myths and the reality

***John Authers** explains why the market has sagged. He says houses look good value against past trends, but buyers should forget about making big profits*

LIKE medieval quacks around an ailing body, British building societies are suggesting their cures for the sickly housing market. But why should anyone believe that the market needs special medicine to aid recovery? Since house prices have fallen on average by about a quarter in real terms since July 1989, some properties are beginning to seem good value.

As the charts on this page show, if you strip out inflation, houses are no longer expensive judged against the trend of the past quarter-century. Moreover, house prices as a proportion of average earnings – a measure of what buyers can afford – are now close to their lowest for 25 years.

As in any other market, activity can be expected to revive when demand and supply are brought into balance by a mutually convenient price; and present prices appear, by historical criteria, to be not far from this point. But the alarm is still easy to understand.

Weakness in the housing market hits British consumers more forcibly than most other economic ills assailing the world – for example, exchange rate fluctuations. This is partly because of the large debts incurred to buy houses, and partly because of a deeply ingrained belief among the British public that house prices would surf comfortably ahead of inflation for ever.

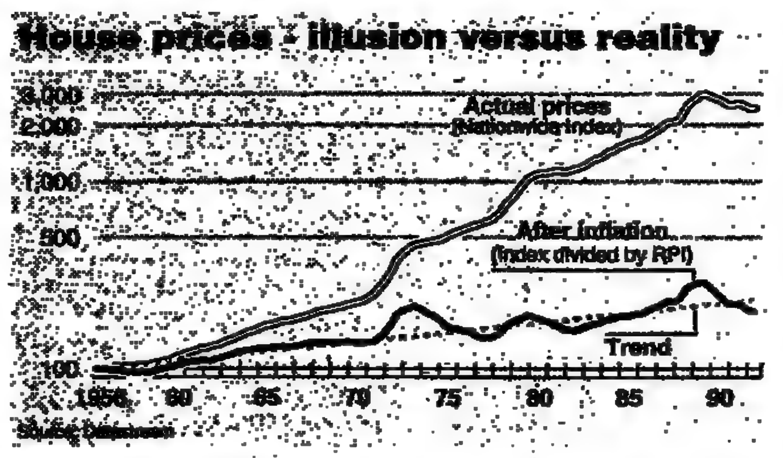
This "bubble mentality" developed particularly strongly during the 1980s – the decade of Thatcherism which produced a property-owning democracy and bull markets in everything. House-buying was then endowed with an unjustified illusion of grandeur. Houses were not only somewhere to live. They became investments – and, with hindsight, unfortunately speculative ones. Now, although house prices may seem ready to recover, buyers and sellers must first attain a more realistic view of the market. It is no longer, as a generation came to believe, a perpetual motion machine which will carry every house owner effortlessly from debt to high prosperity.

It is not surprising that people were gripped by this idea. The graph of actual prices shows that £10,000 invested in housing in 1955 was worth £300,000 25 years later. It is the kind of comparison which inspires feelings of pride and security among many householders, But these telephone number figures are partly an illusion. Most of the rise represents inflation. The line below shows that, in the real world, house prices outstripped the rise in the retail prices index by only 2.2 percentage points a year on average during the 1970s and 1980s.

In that period, house prices grew hardly faster than average earnings (if both are adjusted for price inflation). Real earnings rose by an average of 1.7 per cent a year. These figures may inspire comfort, but nothing more.

But the "boom" periods of the early 1970s, late 1970s and late 1980s provided opportunities for big profits. These helped establish the myth that borrowing to buy a house would always be a good investment.

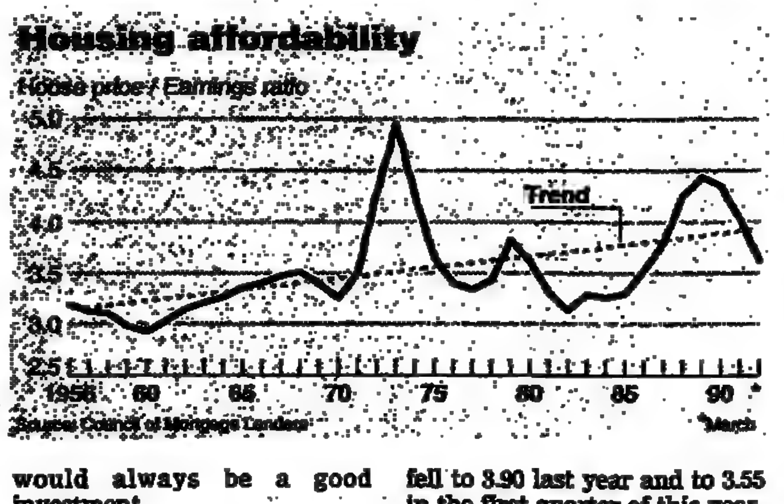
House prices - illusion versus reality



Source: Datastream

Housing affordability

House price / Earnings ratio



Source: Council of Mortgage Lenders *March

Examined more closely, the figures tell a rather different story. Increases in average earnings usually cause an increase in house prices. Earnings have grown faster than inflation since the Second World War, helping housing prices to inflate more quickly than most other products. But the phenomenon is complex. The most important measure of whether it will be worthwhile to buy a house is "affordability," generally measured as the ratio of average house prices to average earnings.

This ratio varies widely and reveals a lot about the present state of the housing market. Historically, the average house normally is worth about 3.5 times the average salary. If this ratio gets much above 4.0, prices come under pressure because houses are hard to afford. In 1973, the ratio hit 4.95. The next year it was 4.25, and the following year 3.65. But this was during an era when inflation topped 20 per cent. So affordability could improve without big reductions in nominal house prices.

In the 1990s, with wages rising more slowly, affordability could be achieved only by price cuts.

In 1988, the ratio was 4.25. This rose to 4.43 the following year, and moved to 4.34 in 1990. According to the Building Societies' Association (BSA), this fell to 3.90 last year and to 3.55 in the first quarter of this year. That ratio now is probably below 3.5. Judging by the Nationwide house price index figures, shown in the lower graph, houses are as affordable as they have been for two decades – a good sign. But it does not tell the whole story.

Prices on their own do not reflect the true cost to a consumer of buying their house. Homes are usually bought with the help of a mortgage, on which interest rates vary. And while house prices have come down from the unrealistic peaks of 1989, real interest rates (compared with inflation) have risen. The last housing boom was propelled by interest rates which were lower than the inflation rate, so mortgage debts were being eroded by inflation while the value of the asset on which they were secured was rising steeply. In the 1990s, the opposite has been happening.

The BSA's figures for average initial mortgage repayments as a percentage of average earnings and income show that 1990 was a truly excessive year. Then, repayments took up 26.3 per cent of average income. In 1989, this figure was 22.8 per cent. In 1988, it was 17.9 per cent. This ratio began to fall after the base rate cut in October 1990 which accompanied the decision to join the European exchange rate mechanism. It dropped to 25 per cent by the beginning of last year and had reached 19 per cent in the first quarter of this year.

The BSA says this extended measure of affordability is almost exactly equal to its level in 1980, and a third lower than its peak only two years ago. But this measure still gives rise to concern because it never reached similar heights during the domestic property boom of the early 1970s – it stood at 15 per cent in 1973-74 having stood below 13 per cent from 1969 to 1972. To make houses truly cheap to buy, then, either prices must come down further or mortgage rates must fall. Thus, the building societies' clamour for lower base rates begins to look understandable.

So, on a long-term perspective, houses look cheap but debt is expensive. In the short term, though, prices could well dip below their historic trend, just as three years ago they surged above it. Do any special features of supply and demand suggest a change to this trend?

The market for housing is "sticky," with supply constricted by several factors which helped to produce the modest house price inflation of the past 50 years. Most obviously, homes take time to build (usually about 20 months), so supply will not always be able to keep up with a sudden increase in demand. This opens the prospect of periodic house price inflation "bubbles."

Planning restrictions imposed by local authorities help further to constrict supply. Councils tend to be strictest in overcrowded areas where housing demand is highest.

Then, as Barry Riley discusses in his column on this page, there are repossessions. A few years ago, nobody would have regarded them as a separate source of supply. Things are different now. Lenders repossessed 35,750 homes in the first half of this year, mainly because householders could not afford to keep up their repayments. Attempts usually are made to sell them quickly, increasing the downward pressure on prices. The market also is affected by the need of elderly people to sell their houses to pay for expensive medical care. In the longer term, this could help to increase supply and so to depress prices.

The effect of demographic changes on demand is also likely to weaken prices. After the Second World War and up to 1964, the birth rate grew; then it fell considerably. People born in 1964 are only 28 this year. So demand from first-time buyers, who tend to be between 20 and 35, is likely to be maintained for a few years – but it will drop by the end of this decade. This often is described over-emotively as a "time bomb". But the figures do suggest that the market cannot pick up at the end of the 1990s in the way it did at the end of the 1980s.

The post-war growth in owner-occupation suggests a further negative influence in the long term. The higher the proportion of the population which already owns a house, then, theoretically, the lower the potential for growth in demand. Roughly a quarter of Britain's housing stock was owner-occupied in 1945. This rose to 42.3 per cent in 1960, 50 per cent in 1970 and 55.5 per cent in 1980. It now stands at around 67.5 per cent. The BSA's research suggests that unmet demand for owner-occupation has remained fairly static over the past few years, but it is hard to see any scope for continued significant increases.

So is this the time to buy? The question should not be imbued with a spirit of speculation. There is no reason to expect a take-off in property prices, or a return to the Thatcher era illusion of housing as a high-return investment. But all the fundamentals, with the arguable exception of the cost of buying houses, do point to the market offering fair value at present. Homes are no longer overpriced, if past trends are a guide, and there is little reason to fear a repeat of the horrors which hit those who bought at the peak in 1987 and 1988.

Thus, the next two years should be a good time to buy – although not a good time to make a killing. Indeed, those buying now could see the value of their purchase decline somewhat for a year or two if prices fall under the trend line.

The fundamentals do not seem to justify any attempted miracle cure along the lines suggested this week by the building societies. The ultimate cure, which depends on many external factors, will be lower interest rates.

■ Dream homes – nightmare scenarios: Page III
■ Mortgage lenders go for caution: Page IV

CONTENTS

London Markets

Shaky sterling is stretched to limit

By Maggie Urry

CANCEL THAT golfing holiday in the Algarve. Do not follow John Major to a Spanish villa. If you have to go abroad, go to Italy – but you must not spend very much. Spending money abroad is unpatriotic. Every time a holiday maker swaps his pounds for escudos or pesetas, the Bank of England will have to buy them back.

The prime minister might just be displaying a "crisis, what crisis?" nonchalance by heading for the sun this weekend. It follows a report last Sunday of a (rather unconvincing) view he holds that sterling will one day be the strongest currency in the European exchange rate mechanism.

Readers with longer memories will recall that, after the 1967 sterling devaluation, travellers were limited to taking £50 abroad in any one year – although you could get a lot further on £50 in those days than now. For a start, even after that devaluation £1 was worth Dm 9.60.

On Wednesday this week, sterling closed at its lowest level against the D-Mark – 2.825 – since joining the ERM in October 1990. While that is still well above the pound's theoretical floor against the D-Mark, sterling was stretched to the limit against the escudo in the ERM. Only central bank intervention kept the pound within its limits.

So, a sterling devaluation is again up for debate. August would seem an unlikely time to pick for a realignment. And, at the moment, the central banks appear able to see off sellers of the pound. But the autumn could well see the argument raging once more, especially if the French vote against the Maastricht treaty on European unity in their referendum in September.

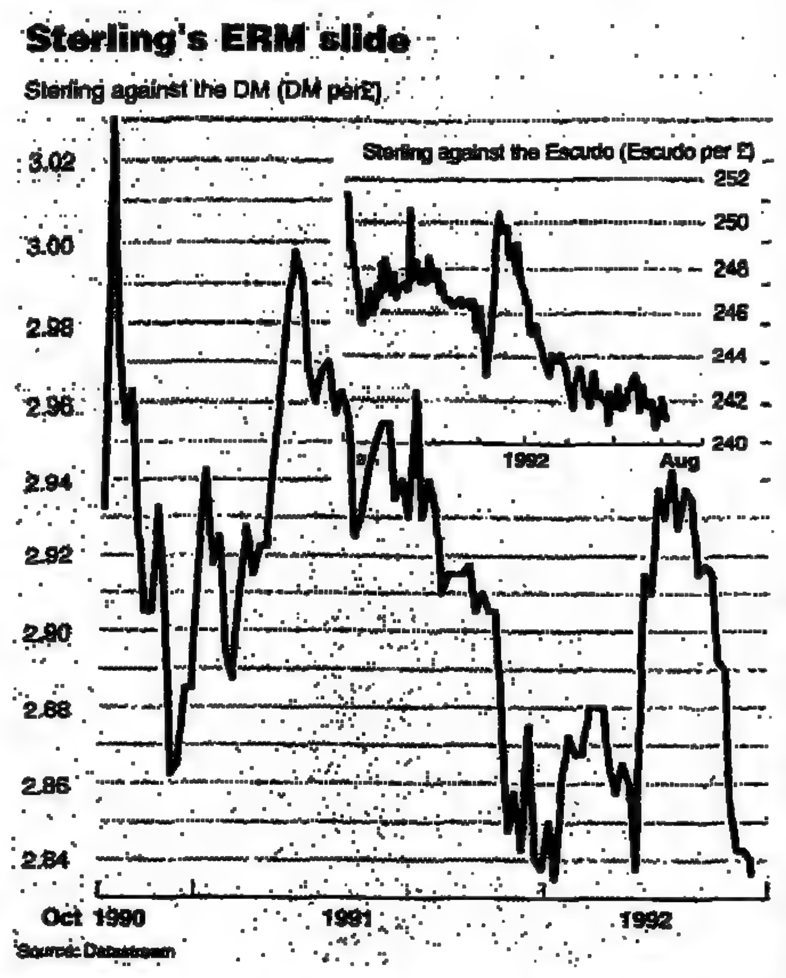
Sterling can probably hang on until after the summer holidays, but then some hard decisions will have to be taken. At the moment, each solution seems to lead to higher, not lower, UK interest rates. There are three simple routes:

- Sterling is devalued within the ERM, but then credibility is lost and interest rates are forced up.
- Sterling is held where it is within the ERM, but that might mean putting interest rates up, as the Italians did.
- Sterling leaves the ERM, interest rates are cut, the economy surges, inflation bounds ahead, and Britain is back in exactly the same mess it was before the pound joined the ERM. Then interest rates go up.

The concern over sterling is one of the reasons for the black mood this week in the stock market, which fell 49.5 points to 2350.1 on the Footsie index. Another, related, one is the debate over how to get the economy moving. Since slashing interest rates is not really an option, the latest fashion is to dream up a scheme to revitalise the housing market.

Another three were put forward this week and, strangely enough, all came from people who have lent a lot of money to home-buyers: the Abbey National, the National Westminster Bank and the Woolwich Building Society. Even more strange, they think the government – for which read "taxpayer" – should pay.

So far, only the National Savings investor has paid anything, as interest rates were cut this week on a range of products in another attempt to stave off a mortgage rate rise.



There is a grain of moral force to the argument that the government should pay. After all, whose idea was it that the nation should become a property-owning democracy? Even so, the mortgage lenders' pleas sound remarkably like the whingeing in which banks indulged when the Third World debt crisis broke and, again, when loans to companies began to be re-financed. At least Sir John Quinton, the chairman of Barclays bank – which, on Thursday, announced a £1.1bn bad debt provision in its first-half results – had the honesty to admit that a fair chunk of that was down to poor lending decisions.

It is apparent now that there was a lot of that going on in the housing market late in the 1980s. And, to that extent, the pain might reasonably be borne as much by the lenders as the borrowers, who seemed to regard a house as a kind of inflation-linked pension fund that could also be lived-in.

Perhaps schemes to sort out the negative-equity housing problem should borrow some ideas and terminology from the Third World debt and corporate re-structuring experience. Did the banks repossess Brazil? How about debt-for-equity swaps?

Sir John managed to upset the stock market with another remark on Thursday when he suggested that economic recovery might not start until well into 1993, or even 1994. Add that to British Petroleum halving its dividend the same day – the last time it cut its dividend, it had the First World War as an excuse – and the market has a lot to worry about. BP's shares fell 10p on Thursday and another 11p yesterday, closing at 186p.

It is all the more depressing when a company announces good results and still suffers a share price fall. On Wednesday, GKN, the car components group, lifted its interim profits 37 per cent to £65.1m – better than most expected – but still saw its shares fall 12p to 383p that day and another 10p since, ending the week at 373p.

The problem is that however effective cost-cutting and productivity drives are, there is no real substitute for economic growth. And, in common with most other companies, GKN cannot see that coming yet. So, cyclical stocks are out of favour once more and it is back to the defensive sectors.

Thursday was the bad day for news, but Friday was the worst day in the stock market with a fall of 27.5 points. The week ended with Footsie clinging desperately to the 2,350 benchmark.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2350.1	-49.5	2737.8	2348.0	Poor results from BP/Barclays
Barclays	324	+10	410	285	Relief at maintained dividend
BP	185½	-27	304	183½	Dividend halved
Euro Disney	935	+50	1693	808	French buying
Forte	139	-18	262	137	Weak hotels/Board change worries
GKN	373	-16	444	281	Good profits discounted
Redland	409	-54	565	407	Builders weak
Rotork	323	+11	345	258	11 per cent profits increase
Royal Bank of Scot.	152	-23	206	147	Profits warning
Standard Chartered	407	-36	518	402	Slide in profits
TI Group	268	-41	372	260½	Gloomy outlook after figures
Thorn EMI	712	-41	888	702	Broker downgrades
Trafalgar House	61	+10	165	45	Bargain hunting
Vodafone	327	+16	398	299	Improved trading
Yorkshire Chemicals	284	-34	389	277	Trading worries

Serious Money

National Savings still has an edge

By Philip Coggan, Personal Finance Editor

NOT SO long ago, a report of a change in National Savings rates would have struggled to qualify as a brief in most newspapers, even on a slow day. Nowadays, it makes the front page.

The building societies have been complaining about the excessive competition and the government has caved in twice, once by cutting the return on its First Option bond and now by slashing rates across the range.

There is a nice irony here. Most retailers and manufacturers are complaining that British consumers are saving, not spending. But the traditional recipients of British savings, the building societies, are claiming that they are being starved of inflows.

One explanation is that consumers have been repaying debt. But the problem is compounded for building societies because they have been trying recently, while interest rates have been high, to favour their borrowers. They know only too well that high mortgage rates depress the housing market and lead to bad debt problems and repossessions.

On occasion, as happened in February this year, the societies have cut mortgage rates in anticipation of a reduction in base rates. Since then, mortgage rates have been around 0.7 of a percentage point above base rates, compared with a more normal margin of 1 percentage point.

Late in the 1980s, the societies could have made up this margin by penalising savers. At that time, the government was in budget surplus and had no need to offer competitive rates on National Savings. But now the government has to finance a £28bn to £30bn budget deficit, National Savings is once more a handy fund-raiser.

As we have argued many times, some of the recent National Savings products have looked very good value for savers. And plenty of British savers have agreed. The government has raised £2.1bn via this route since the start of the financial year.

This week, the 37th issue of certificates, which paid 8 per cent per annum tax-free if held for five years, was withdrawn. The new 38th issue will go on sale from August 24, paying 7.5 per cent. But only £5,000 can be invested in the issue, compared with £7,500 in the 37th. (An additional £10,000 can be reinvested from matured certificates immediately.)

In line with the new issue of certificates, the overall return on the yearly plan will fall to 7.5 per cent per annum.

Series D Capital Bonds, which paid a taxable 10.75 per cent per annum if held for five years, have also been withdrawn. The new Series E, available from August 24, will pay 10 per cent. For basic rate taxpayers, this means the return will be the same as on the 38th issue of certificates – 7.5 per cent.

The government has raised £2.1bn through NS in this financial year

But note that you have to pay tax on this issue *before you receive the interest*, which is available only when you cash in the bonds. And higher rate taxpayers will do better to buy the 38th issue.

The 5th index-linked certificates, which pay a tax-free 4.5 per cent per annum on top of inflation if held for five years, are still on sale. Whether they are a good deal depends if inflation averages above or below 3 per cent between now and 1997.

Issue B of children's bonus bonds, which paid 10.9 per cent per annum over five years, has also been withdrawn. The new Issue C will pay 10.1 per cent.

There were also cuts in the rates on income bonds (from 9.25 per cent to 9 per cent) and on the investment account (from 8.5 per cent to 8.25 per cent). The changes will take effect on September 18 and August 19 respectively.

You can now get better (variable) rates at a number of building societies than from National Savings. As the table on page V shows, Bristol & West is paying 10.45 per cent (a net 7.84 per cent) on £2,000 and 10.9 per cent on £25,000.

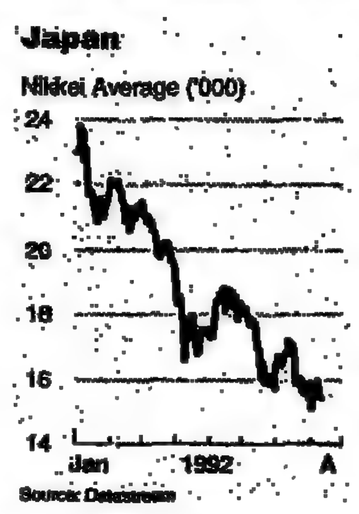
There are also some fixed-rate products available, although not for as long as five years. Coventry BS, for example, is paying 10.75 per cent, fixed until October 31 1993, on investments over £1,000. And some guaranteed income bonds can offer better fixed rates over five years. If you have £50,000 to invest for that period, you can get 8.6 per cent from Liberty Life.

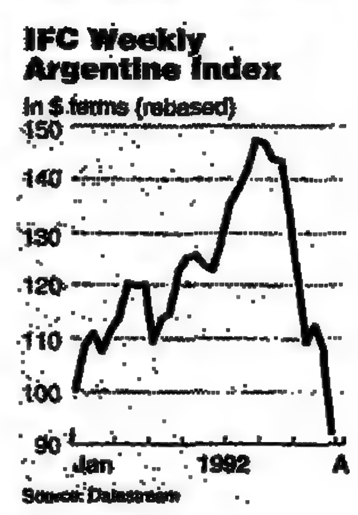
But average savers who keep their money in a major building society will still have to work hard to beat National Savings rates. Take the Nationwide, which yesterday cut rates to savers by around 0.4 of a percentage point. Someone with £10,000-£25,000 in its CapitalBuilder account will earn just 9 per cent gross, or 6.75 per cent for a basic rate payer.

Indeed, savers will need to be alert to get the best rates over the next few years. For one thing, the Germans are bound to allow European interest rates to fall *eventually*. And, second, financial institutions are offering ever more sophisticated products which may disappoint unwary investors.

That point was emphasised by the Consumers' Association this week in its criticisms of the standard of financial services' advertising as "abysmal." Savers should heed its warnings: check the small print, treat claims and statistics with caution, and watch out for what the ads *don't* say.

AT A GLANCE





Tokyo slumps again

Shares in Tokyo fell once again yesterday, with the Nikkei average falling 408 points, or around 2.5 per cent, to 15,518. The continued falls in the Japanese market have been very bad news for unit trust investors in the area. The average Japanese unit trust has fallen nearly 40 per cent over the last year, and by nearly 46 per cent over three years, even with income reinvested. And only four unit trusts in the sector can report gains over a five year period.

Argentine market falters

Prices on the Buenos Aires Stock Exchange have fallen sharply over the past six weeks, ending one of the most impressive bull runs in South America. The stock market increased by 396 per cent in 1991 but so far this year, share prices have fallen by 11.2 per cent. In July alone, equities lost one-third of their value, bringing the market's capitalisation down to $23.35bn, from a peak of $32.13bn in mid-June. This is despite a good economic background with growth forecast at 6 per cent and low inflation. Observers believe that profit-taking and a political setback for the government when it failed to win a Buenos Aires by-election in June, sparked the downturn.

Women 'should retire at 65'

The state retirement age for women should be raised to 65, the same as for men, according to the recommendations of the Social Security Advisory Committee this week.
The committee, which advises the UK government on pensions policy, said that the estimated £3bn in cost savings should be used to help the poorest pensioners, who are mostly women penalised by low pay and interrupted service in their working lives. The SSAC rejected pensions industry suggestions that the government adopt a so-called flexible decade of retirement between 60 and 70. In 1990, the European Court ruled in the Barber judgment against gender discrimination in occupational schemes: the EC is drafting a directive for member states on the issue.

Abbey to close accounts

Abbey National is winding down its Higher Interest and Seven Day accounts and is writing to customers to advise them to switch to the Investment or Instant Saver accounts. Depositors can switch without notice or penalty and should lose no time in doing so; the old accounts will start to pay just 1 per cent gross interest from August 31.

Pep savings schemes grow

The number of unit trust Pep savings schemes has increased by 40 per cent over the last 12 months, according to a survey conducted by the Unit Trust Association. Sales of unit trust personal equity plans were boosted by the Budget change which increased the limit for such plans from £3,000 to £6,000. By the end of June, the value of unit trust personal equity plans had reached £2.46bn, spread among over 1m accounts.

Smaller companies fall again

The sun refuses to shine on small company shares. They have fallen for yet another week with the Hoare Govett index (capital gains version) down 1.8 per cent to 1059.03 over the seven days to August 6 and the County index dropping 1.5 per cent to 844.68 over the same period.

Wall Street

Federal figures fail to fool financiers

AFTER a tense week waiting for the July employment figures, there appeared to be something for everyone in the report when it finally came out yesterday.

Taking the headline numbers first, the national unemployment rate – the most politically sensitive number in the economic calendar (especially during an election year) – fell from 7.8 per cent in June to 7.7 per cent last month. The second most important component of the report, the non-farm payrolls, showed an increase of 198,000 in the month.

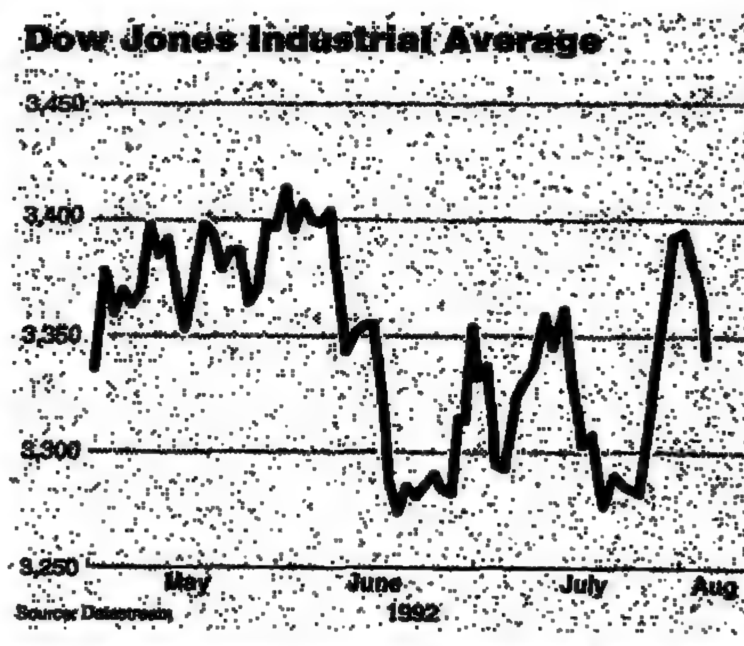
Finally, June's horrible 117,000 decline in non-farm payrolls (remember, this was the figure that panicked the Federal Reserve into slashing interest rates and sent President Bush's poll ratings into even steeper decline) was revised to show a drop of just 63,000.

On the surface, these were good numbers. Although modest, the fall in the unemployment rate was welcome, even if it is too early yet to tell whether a sustainable downward trend is developing. The big jump in payrolls, the largest one-month gain since December 1991, looked great but the number came with a big asterisk alongside.

The payrolls data included a one-off boost from a federally-funded summer jobs programme for teenagers. Without this, payrolls would have been up 123,000 – a decent number but not quite the near headline-grabbing rise that White House spin doctors hailed as so encouraging.

One Treasury official, Sidney Jones, the assistant secretary for economic policy, went so far as to say that the 198,000 jump in payrolls, plus the revision to the previous month's estimates, proved that the damaging June employment report was "somewhat misleading." No mention from Jones, of course, that this month's report was also somewhat misleading.

The financial markets were not fooled that easily. The fact that bond prices rose sharply after the unemployment figure was released indicated that Treasury investors saw little in the report to dissuade them from the notion that the economic recovery remains anaemic (to use Bush's own words).



A closer look at the jobs report revealed several reasons why the bond market liked it so much. There was a big drop in construction and durable goods manufacturing jobs and the average of factory hours worked was flat, as were monthly earnings. These figures confirm that the economy's engine is barely turning over, even with the lowest interest rates in three decades.

The stock market, meanwhile, all but ignored the data, which was neither good enough to offer real sustenance nor bad enough to warrant a major sell-off. Equity investors have had their attention focused on corporate earnings this week and, generally, they did not like what they saw. Disenchantment at various second-quarter performances lopped more than 50 points off the Dow between Tuesday and Thursday.

General Motors topped the list of disappointments. The giant car-maker reported a net loss of $357m, but that was after a previously announced $749m restructuring charge at its Hughes Aircraft subsidiary.

Ultimately, the pre-charge profit was below the average of analysts' forecasts, but what upset the market the most was what the GM chairman had to say about the outlook for the rest of the year. Robert Stempel warned: "Sustaining the rate of progress we experienced in the first half of this year . . . appears extremely challenging."

This says a lot about the economy which, if it were in a normal post-recession pattern, should be on a steady upward growth path by now. If GM expects to find it difficult maintaining its first-half improvements in the second six months of the year, the economy obviously is stumbling when it should be lengthening its stride. GM's share price was quick to reflect the new-found pessimism about the company's earnings outlook. By midday yesterday it had fallen $5 on the week, or 12 per cent, to $36¾ amid heavy selling.

The second big corporate disappointment of the week was Hewlett-Packard. The computer group announced late on Thursday that it expects its latest quarter results to come in well below analysts' estimates because of uneven demand across all its business lines.

The warning shocked the market, which had been delighted by Hewlett-Packard's exceptionally strong previous two quarters. Consequently, the company's shares took a savaging, falling $11⅝, or 16 per cent, to $59⅞ in just two hours of trading yesterday.

Patrick Harverson

Monday	3395.40	+ 1.62
Tuesday	3384.32	– 11.08
Wednesday	3365.14	– 19.18
Thursday	3340.56	– 24.58

The Bottom Line

Two scripts with a common theme

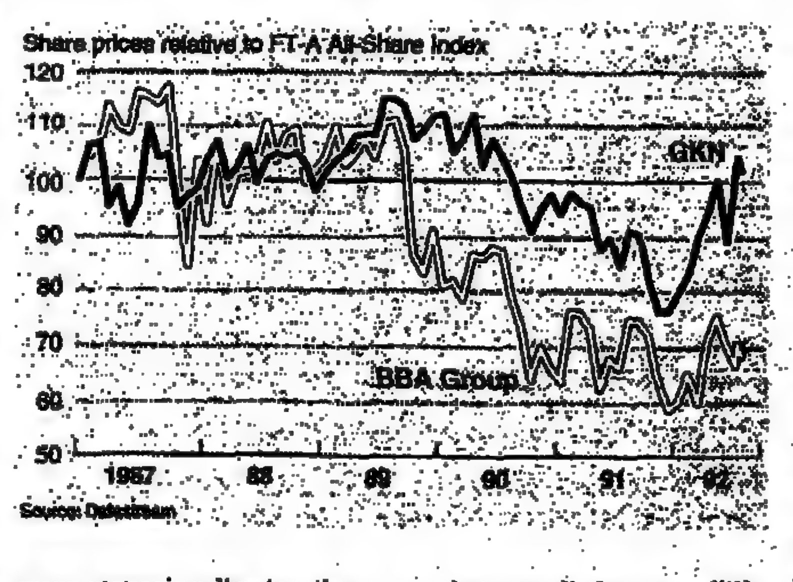
SIR DAVID Lees and Dr John White could happily have swapped scripts for their results presentations this week GKN and BBA, two of the UK's strongest automotive components suppliers, reported encouraging jumps in profits for the first half that exceeded market forecasts. Both have benefited from painful cost-cutting that was begun early in the present recession, and both have reaped gains from tight cash management with a significant fall in interest charges. Marginal increases in turnover compared with the rise in profits bear testament to the hard-won achievements of both groups.

There has been little or no help from market demand and market forecasts remain gloomy for the balance of the year. But both BBA and GKN have gained from higher market penetration, with new business won early in the 1990s now coming on stream.

Such diligence has won scant reward this week, however. GKN's share price gained ground ahead of its results' announcement but, after a short-lived bout of excitement, news of its 37 per cent jump in pre-tax profits to £65.1m was met with a 12p fall in the share price to 383p at the close on Wednesday. The price had lost further ground by the close last night.

The BBA share price moved ahead by 8p to 133p last Monday, helped by the release of news of its 26 per cent jump in pre-tax profits to £33m, but much of the gain had been lost by the end of the week.

Both GKN and BBA are advancing through means of self-help, but analysts remain cautious about the groups' prospects given the absence of any support from the markets. According to White, the BBA group managing director, there is "no firm evidence of any generalised recovery." The belief is echoed by Lees, the GKN chairman. "Although conditions in certain of our markets in the first half of 1992 were rather better than a year ago, in others they deteriorated so that overall there was little change."



With a strong balance sheet and a positive net cash flow, GKN is seen as a low risk – although still rather expensive - buy into recovery. The question is one of timing, and Lees is more pessimistic than three months ago. "We do not expect the demand pattern we are currently experiencing in our principal markets to change materially in the next few months," he says. "So, profit improvement must come from increases in market share and continued rigorous attention to costs and asset management. That is a formula with which we are growing increasingly familiar."

Both BBA and GKN recorded their main profit progress in their automotive component operations, where they have established world leadership in particular narrow niches. BBA claims a world share of some 35 to 40 per cent for some friction materials for brakes and clutches. GKN is the world leader in the supply of constant velocity joints, with a world market share of around 30 per cent.

BBA's automotive sector, which accounts for 49 per cent of group sales and 42 per cent of operating profit, improved its profits in the first half by 36 per cent on sales that rose by only 5.5 per cent. At GKN, its automotive and engineered product division raised its trading surplus by 77 per cent, helped by lower rationalisation charges and start-up costs. Sales rose by only 6.5 per cent.

The key to caution over the short-term prospects for the components' suppliers lies in the forecast vehicle market development for the rest of the year, and GKN had little good news. Already in the first half of the year, increases in car production of 4.6 per cent in North America and of 5 per cent in west Europe were not matched by registrations, which were slightly lower in both cases. Now, in the second half, the German car market, in particular, looks at risk.

Kevin Done

FINANCE AND THE FAMILY

Scheherazade Daneshkhu and Emma Tucker add up the human costs — and benefits — of the property market collapse

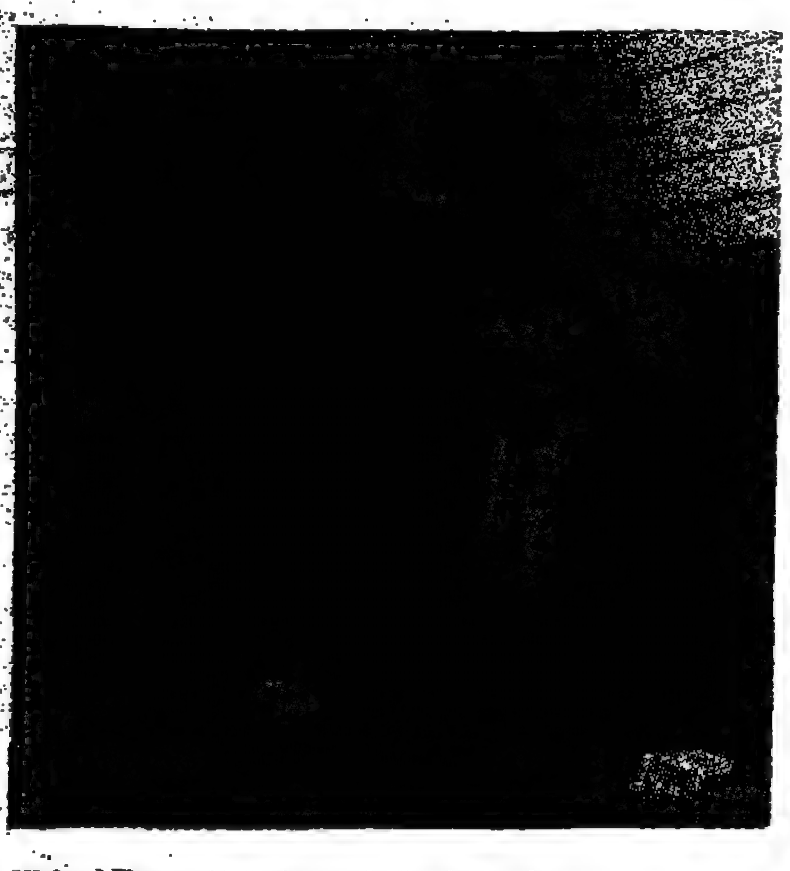
Dream homes — nightmare scenarios

THE TURBULENT state of the British housing market has forced many people to make painful decisions. The lucky ones have the luxury of a calculated choice. The unlucky have become victims of falling house prices and can act only to limit the damage.

For those who have a choice, the main decision is whether to buy or to rent. If you take the view that property prices are bottoming out, it makes sense to buy. But others see the depression in the housing market as a long-term trend in which financial advantage is secured by choosing to rent.

As house prices rose late in the 1980s, many thought it would be their last chance to buy, even if it meant pooling resources to own a shared property. These people — and those who have become unemployed because of the recession — have had a particularly tough time. In many cases, they are victims of "negative equity" in which the value of the house has fallen to less than the sum of their mortgage. A shortage of new buyers has also hit the market hard.

We asked four people, all in very different circumstances, how they have been affected by the property slump. We also asked James Higgins, of Chamberlain de Broe, a financial adviser, to give us his professional view on each of the cases.



Michael Fitzgerald: feels now is the time to buy

Sarah Cranfield: trapped by the property crisis

Buying at the bottom?

Michael Fitzgerald, a London banker in his early 30s, this week exchanged contracts on his first home — a flat in Islington, north London. "I've been in a position to buy for a number of years," he said. "But I haven't done so both because of market conditions and personal reasons."

He has been renting since he left university in Ireland and moved to London. By the time he joined the bank, he felt he could afford to buy a flat for about £90,000, particularly since the bank would subsidise his mortgage as a perk.

Like many others, he was tempted to buy in 1988 when the imminent abolition of double mortgage tax relief sent the housing market into a frenzy. He held off, partly because he could not find the right place and partly because he was aware that the costs of owning your own home, including its maintenance, go further than the monthly mortgage payments.

"At that time I would have bought a place as an investment," he said, but this idea was undermined as house prices began to fall.

His decision to buy now was prompted by estimating that monthly mortgage payments would be down to about the same level as his monthly rent of £300. "In the medium-term interest rates will probably drop so I think it is a reasonable time to buy," he says. As a first-time buyer he had the advantage of being able to react quickly once he had chosen the flat he wanted.

The three bedroomed flat he has bought, a repossession, is exactly what he was looking for. He believes that for the same amount of money, he would only have been able to afford a two bedroom flat in the same area in 1988.

■ *James Higgins: Michael is very fortunate. He is buying at the right sort of time — the London property market might not yet have reached its nadir but it should improve in due course. He has been able to take advantage of other people's desperation to sell and the general slump in prices. He is also able to match interest payments to present rents.*

Most of the current problems were created in the mid-1980s, when interest rates were low and when people grossly over-extended themselves in the rush to buy the biggest and best house they could possibly afford. They took no account of the fact that interest rates might rise — and this is precisely what happened.

People will therefore be more aware of the pitfalls in the future, and buyers and lenders will be more cautious — and realistic.

There should therefore be slower but more sustainable growth in the property market. Whatever happens, Michael should be wary that he does not regard his home as an investment.

Trapped by debt

In October 1988 Sarah Cranfield, now in her late 20s, clubbed together with four friends to take out a 100 per cent mortgage on a house in Lewisham, south London. "At the time everyone was saying we couldn't lose on the property boom," she said. The four young professionals — two journalists, an accountant and a personnel officer — were each responsible for a mortgage of about £25,000, plus extra charges because of the supposedly greater risk of lending to four people.

Within a year, higher interest rates had pushed their monthly payments from about £240 per month to £340 each — more than each would have paid to rent a similar sized house.

Three years later the friends decided it was time to sell; they had all moved on, found partners and generally felt they had outgrown the property. But the house was valued at some £20,000 less than the value of the mortgage. Sarah and her friends decided to let the house but found that the rent did not cover the mortgage payments.

Meanwhile, Sarah became pregnant and moved in with her husband, who was also sitting on a loss in his one-bedroomed flat in Brixton. They are now trying to sell it, desperate to move somewhere bigger as the baby grows up. But in the two months that the Brixton flat has been on the market, only six people have been to look at it — and none has shown an interest.

Sarah and her husband hope that they will be able to transfer their joint debts to a new mortgage. But at Christmas she will be made redundant from her job. Her husband's job is also at risk and with both out of work, they are unlikely to find a lender willing to meet their needs.

■ *James Higgins: Sarah and her friends managed to get into the housing market right at the top of the boom.*

Given that the first flat had a 100 per cent mortgage, there should have been a mortgage indemnity insurance taken out. These only have limited benefit for the borrowers, but if the property were to be repossessed, the insurance should cover the balance. The danger is that the insurance company might pursue the borrowers for the balance and they (the borrowers) would have difficulty raising new finance in the future.

If the rent on the first property is only a little short of the costs of the building, the borrowers should try to service the loan until a buyer can be found at a reasonable price. Interest rates should fall over the course of the next year. The costs of the loan will decrease — it will also, in due course, stimulate the housing market.

Choosing to rent

For almost a year David Kauders, an independent financial adviser in Taunton, Somerset, has been renting a four bedroomed detached house close to the town centre. The rent of £400 per month includes the water rates and a gardener.

Kauders, who sold his last house, a small country cottage, for £33,000 in 1986, says: "I am now renting a house I couldn't possibly afford to buy".

The house he is renting last changed hands for about £160,000 three years ago. Kauders has calculated that if he had taken out a 20-year mortgage of £150,000 on the house, he would be paying around £18,000 in interest alone. On top of this, he would have to spend around £7,500 a year to repay the capital. This compares with a mere £4,800 a year in rent.

"Over 20 years I would spend something like half a million pounds to acquire a property which could well be worth less than £100,000 by the end," he says. Meanwhile, it would take only a small level of savings a year to accumulate the sum of £100,000 over 20 years.

"People are still making false assumptions about future rates of inflation and house prices when it comes to buying homes," Kauders believes. An oversupply of property and a low inflationary economy means that house prices will continue to fall for a long time yet. "People should rent somewhere now and gather their cash — in time they will be laughing," he says.

■ *James Higgins: There is a lot to be said for renting — David's experience demonstrates the comparatively low costs involved. The problem is that the property is not one's own. The time can always come when the owner either wants to sell or to change the use of the property. Also, David's experience could be limited to the south west of England and might not apply across the UK property market — certainly not to London.*

If the house was worth £160,000 three years ago, it would probably not sell for more than £125,000 now. The current climate means that some very good deals can be had.

There is also the question of comparative investments. David has measured his situation over three years — possibly a rather unusual three years and certainly too short a term over which to measure growth in investments. Over the last two decades the overall return on property has outstripped most equity indices.

However, those who put all their money into property can end up being "asset rich but cash poor". David is probably maximising his potential retirement income by building up a portfolio of cash/liquid assets on which to call when income is required. A balance between the two forms of investment is what is needed.

Repossession Looms

Raymond Fender's problems began when the business for which he worked in Tyneside went into liquidation last year. Monthly payments on his £50,000 mortgage were £465.

At first, he managed to meet the commitments by dipping into his building society savings. After several months, however: "I realised there was no work for me and that our savings were being depleted quickly." Raymond, 46, and his wife, Pamela, decided reluctantly in November to put their much-loved house, set in the countryside 10 miles west of Newcastle, on the market.

"It was valued at £81,000 a year and a half back," says Raymond. "But even though it is on the market for £67,950, we've had just one couple coming to see it."

As paying the mortgage became more and more difficult, Raymond decided to talk to his lender. It agreed to a temporary reprieve by allowing him to halve his monthly payments. That was nearly six months ago. Now, with savings depleted, no prospect of a job and no buyer, the Fenders live in fear of repossession.

"There will come a day when they will have to repossess," said Raymond. "The worst thing is the uncertainty. You go to bed not knowing if, in the morning, you are going to get a repossession order or a letter from the lenders saying we've given you enough time."

■ *James Higgins: This is another sad tale — a very common one at the moment. No income because job prospects are poor, and the inability to sell a property when either capital is required or when a debt and debt servicing need to be reduced.*

Raymond will need to talk again to his lender to reassure them that he can provide them with at least some flow of income until times improve. They will prefer that to the alternative of repossession, which is costly to them.

There is still some equity in the property. By halving his payments for six months, his arrears have been increased by only £1,500 approximately. This suggests that his lenders should be prepared to let matters run for at least a further year — perhaps longer if property prices pick up.

Building societies are developing new strategies to offer a pragmatic solution which will be in everyone's favour. There are likely to be some sale and leaseback arrangements which may either involve housing associations (someone buying the property and renting it to the owner), or some form of reduction of interest payments for a period of time in return for a percentage of any overall "profit" (sale price above loan value) on final sale.

FINANCE AND THE FAMILY

Mortgage lenders put caution first

***Sally Hamilton** discovers there are several types of property on which loans will not be made at all*

FIFTEEN years ago, the path to getting a mortgage on your home was strewn with obstacles. Most lenders operated a "red-lining" policy. This meant they took a map of the country and circled undesirable towns or types of property with a red pen.

The 1980s' property boom as good as eradicated red-lining, replacing caution with a credit free-for-all. The drop in the housing market has not seen a return of the red pen but lending is growing more prudent. The spiralling number of repossessions has reinforced the trend as lenders fear being lumbered with unmarketable assets.

All mortgage lenders, whether building societies, banks or centralised lenders, assert that they will look at each property earmarked by a buyer "on its own merits." Yet, many have a hit-list of categories which could mean a blanket refusal on lending.

The country's biggest mortgage lenders, the Abbey National and the Halifax, claim to maintain a flexible lending policy. Yet, they admit that market forces have made them more careful.

"We are more liberal than most but we won't accept any old rubbish," says John Cox, group chief surveyor of Abbey National. "Properties acceptable three years ago may not be acceptable now. We rely on our local surveyors to advise us on marketability."

Which properties should you avoid if you need a mortgage? All mortgage companies will avoid lending on flats with leases which have less than 25 or 30 years remaining after the mortgage period is up. This means leases of under 50 years are undesirable except in the most sought-after areas, such as London's Knightsbridge.

The Leeds Permanent, in common with many other lenders, will not normally offer mortgages on freehold flats, which became more common in the 1980s as the converted flat sector grew. What this usually means is that one flat in a building carries the freehold, instead of an external property company or individual, and the other flats carry leases. "The problem with them is enforcing repair covenants," said John Graves, chief valuation surveyor of the Leeds.

Similar problems may arise in a block of flats which has been leased by the freeholder to a third party – if the third party lives in one of the properties. The third party holds what is called the "head lease" and is responsible for maintaining the common areas.

If the third party decided to do a bunk, the lender could be left with responsibility for these repairs, explained David Hudson, chief surveyor of the Woolwich. If, however (as in the freehold case), the third party lives off the premises and all the flats have leases,

mortgages become no problem.

Government reforms are due soon which should clarify the flat owner's position and create a form of lease called the commonhold.

The Leeds has further guidelines on flats. "Old blocks of four storeys and above must have a lift before we consider them," according to Graves. "We will accept six storeys in a modern block and in London we will go up to 10 storeys, but not really elsewhere in the country," he adds.

And what about that cosy flat above the fish and chip shop you saw last week? The Leeds and many other lenders take a dim view of flats over commercial properties which could pose a fire risk; or are situated near public houses, which can affect resale value.

Regional problems are also something to watch out for. Parts of Cornwall and Devon are blighted because thousands of homes, which were built on foundations made from waste materials from the local tin mines, are suffering from a concrete disease called mundic.

The impurities in the waste materials, including arsenic, have caused the concrete to crumble. "If we knew a house had mundic concrete, we would say no to a mortgage," says Graves. "There is no cure except demolition."

Andrew Hambleton, Bradford and Bingley chief surveyor, says he is wary of British Iron and Steel Federation houses, which were popular in the 1950s. They are steel-framed rather than built from reinforced concrete and can lose stability because the metal tends to rust when moisture gets in.

Nor will B&B offer loans on flats built from high alumina cement, a controversial cement used in 1970s' flats which was found to lose integrity if exposed to damp. This is a problem all lenders examine closely.

Hambleton is also cautious about lending on homes built on reclaimed land. This is not because they are unsound but because they can become unmarketable, particularly if methane gas starts to seep through as has happened recently in south Sheffield.

Homes carrying a so-called "flying freehold" are also unpopular. This occurs where, for example, a first floor property lies across an alleyway, making it unclear who owns the land beneath. Some lenders will consider this kind of property if solicitors can disentangle the complexities of ownership. Others, such as the Royal Bank of Scotland, refuse to consider them.

All lenders are concerned that they should not be left with a white elephant, if your property is repossessed.

"We're concerned about being able to dispose of a property should it come into our hands," says Matthew White, chief valuer at the mortgage division of the Bank of Ireland, which admits to having become more cautious in its approach to lending recently.

"Anything could sell in 1986-87 because the market allowed for it. Now the market is tough, the fringe properties suffer. The good-looking properties, with the long leases and so on, have become the most marketable."

Finally, think twice about that nice, pre-fabricated, reinforced concrete dwelling you have your eyes on. The lenders speak with one voice on these properties, which were thrown up in their thousands by local councils during the post-war years. The 1984 Housing Defects Act listed around 30 types of pre-fabricated homes that were defective.

A mortgage will be made available only if the property has been repaired under one of about 70 licenced repair schemes and carries a 10-year warranty on the repairs. It sounds like a simple solution, but the repairs can cost tens of thousands of pounds. Some lenders, including the Royal Bank of Scotland, take a harsher line and will not lend on these homes at all.

The Leeds Permanent Building Society, which is more open on its lending guidelines than some of its competitors, will lend on repaired pre-fabricated houses but not on flats made of the same material. Nor will the Leeds lend on all-timber houses (as opposed to timber-framed houses), because they are unpopular in the UK, and pose an increased fire risk.

New Peps look to the long term

COMPETITION in the personal equity plan market increased this week with the launch of two unusually structured plans designed to encourage long-term investment.

Scottish Equitable's new Premier Pep replaces the initial charge – normally 5 per cent of the amount invested – with a flat administration fee of £45 plus VAT. And even that fee will be waived for those who invest before September 4.

In most normal unit trusts (and unit trust Peps), investors buy units at the offer price. When they want to sell, they receive only the bid price, normally around 6-7 per cent lower. The difference mainly reflects the initial charge made by the manager.

At Scottish Equitable, investors will pay the "creation" price. This is below the offer price but slightly higher than the bid price, to reflect the cost of actually buying shares for the trust (all shares have their own bid-offer spread). So investors will still face a spread but, at around 1 per cent, it will be much lower than normal. In addition, those who hold their Pep for eight years will receive a loyalty bonus, equivalent to 1 per cent of the bid value of their units.

But Scottish Equitable has to make its money somewhere, and there are some higher charges which counterbalance these attractions. The first is an annual Pep charge of 0.875 per cent which is imposed *on top* of the annual managers' charge (between 0.75 per cent and 1.25 per cent) on the trust.

The second is a withdrawal fee imposed on those who take out money before the end of the fifth year. The charge in years one and two will be 4 per cent of the amount encashed. It will be 3.5 per cent in year three, 2.5 per cent in year four and 1.5 per cent in year five.

It seems a good idea to introduce fees that encourage investors to hold their Peps for the long term. The question is whether the extra annual charge will outweigh the benefit of the reduced initial spread.

Much could depend on the performance of the trusts. Scottish Equitable allows investors a choice of six: UK Blue Chip, High Income, UK & Global, European, Europe 2000 Tactical and Ethical. All but the two European trusts have above-average performances for their sectors over two years.

Metropolitan Unit Trust Managers has launched a new personal equity plan with an unusual structure. The 'Triple A Pep is designed for those who are prepared to commit their Pep allowance to Metropolitan for a number of years.

In the first year, Metropolitan "allocates" only 85 per cent of the investment. This is on top of the 6 per cent initial charge on the unit trust. The effect is that, if you invest £1,000, the immediate re-sale value is just £790.

In subsequent years, however, Metropolitan will allocate 104 per cent of your investment to units. This means effectively that Metropolitan is giving up most of its initial charge on the investment. The immediate re-sale value of a second year £1,000 investment would probably be just shy of £980. Metropolitan says that, compared with a traditional Pep, its plan structure starts to make savings after five years and keeps improving thereafter.

The investment performance might well prove more important than the charges. In this case, the Pep is based on Metropolitan's Eurogrowth Plus fund (managed by Mercury Asset Management), which has been 14th out of 88 in its sector over the three years to August 1.

Philip Coggan

When Progress has its price

GRE UNIT Managers, part of Guardian Royal Exchange, is launching a combined building society/unit trust product called Progress. But although the guaranteed income level of 7.5 per cent might look attractive, there are one or two wrinkles that investors should look out for.

Forty per cent of the investment will be placed in a Nationwide building society account and the remainder in GRE's Guardhill unit trust, which invests in UK equities. But on top of the initial and annual charges on the unit trust element, GRE is making further charges on the building society portion.

An initial charge of 2.4 per cent is being made on the entire investment; so if you invest the minimum of £10,000, that would eat up £240. In addition, GRE is charging 0.75 per cent a year plus VAT (deducted monthly) to manage the building society element (the annual charge on the unit trust is 1.5 per cent).

In other words, if you invest £10,000 in Progress, £3,904 will go into the building society and £5,856 into the unit trusts at the offer price for the units. So with a bid-offer spread of 6.36 per cent on August 1, according to Finstat, there is an immediate capital loss of £610 on a £10,000 investment.

The guaranteed income of 7.5 per cent is payable on the full investment. But the account might struggle to meet that figure if the unit trust does not produce growth.

The Guardhill unit trust now yields around 3.55 per cent which means that, assuming the building society element pays 10 per cent gross, the total investment yield is around 6.1 per cent. The "extra" 1.4 per cent will have to be met from unit trust growth.

If the unit trust falls in value, the investor could find chunks of his capital being eaten up quickly to produce the income – especially as the income is scheduled to rise to 7.75 per cent in year two and 8 per cent in year three (after that, the income will be reviewed). There is no guarantee of return of capital with this account.

And watch out for a further wrinkle. Even if the unit trust does well and the investor's capital grows, the income of 7.5 per cent will still be payable only on the initial investment. Thus, if the capital grows from £10,000 to £15,000, the income in year two will still be £775, not £1,162.50.

An investor would still be happy with such growth. But what are the chances of a good performance from the GRE Guardhill unit trust? It has not exactly lit up the sector; its growth has been below average over one, two, three, five, seven and 10 years. Over the 10 years to July 1, it was 53rd out of 54 trusts in the sector.

Philip Coggan

Directors' Transactions

FOR EVERY sale of stock by a director during the month of July, there were 3.9 purchases. Historically, that is a ratio which has marked the low point for the UK stock market.

The largest sale this week was recorded in Argyll, the Safeway and Presto supermarket group.

Chairman Sir Alistair Grant and deputy chairman David Webster sold 100,000 and 50,000 shares respectively at 345p. They are left with 800,000 and 645,000 shares respectively. Food retailing is one of the very few areas to have bucked the recessionary trend in recent years.

Three directors in D.C. Gardner, the training and consultancy group, bought a total of 160,000 shares the day after announcing their interim results. The shares have fallen sharply since the beginning of last year, but the interim results showed a return to profit after a £2.8m loss at the same time last year. However, no interim dividend will be paid.

Colin Hope, a non-executive director of Ibstock Johnsen, bought 20,000 shares at 47.5p. Over the past two weeks, there have been three small purchases by directors at around this level.

Directors were selling heavily between September last year and up to May this year. The most notable vendor was Paul Hyde-Thomson, the chairman, who disposed of 670,000 at prices between 90p and 94.5p.

Angus MacDonald,
Directus Ltd.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Argyll Group	FdRe	150,000	518	2
Barbour Index	BuSe	75,000	164	1
Cassidy Brothers	Misc	604,500	390	2
Etam	Stor	8,000	20	1
Highcroft	OthF	9,300	16	1
Highland Distillers	Brew	5,750	14	1
Yule Catto	Chem	13,560	31	1
Dunhill	Stor	15,703	67	1 *
PURCHASES				
Brown & Jackson	Stor	523,385	46	5
Burton Group	Stor	100,000	35	1
Ellis & Everard	Chem	9,300	15	2
Forward Group	Elec	66,500	53	1
Fulcrum (ZeroDiv)	InvT	16,769	11	1
Gardner (DC)	BuSe	160,000	43	3
Hawtin	Text	1,350,000	155	1
Ibstock Johnsen	BdMa	20,000	10	1
Lasmo	O&G	24,595	34	4
London Intl	Hlth	10,000	17	1
M & G	OthF	2,000	10	1
Marling Ind	OthI	120,000	20	1
Shield Grp (CRP)	n/a	250,000	19	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 27-31 July 1992.

Source: Directus Ltd, Edinburgh

Now buyers can insure against loss of value

BUYERS of new homes will be able to insure themselves against plummeting property prices under a scheme launched this week.

Provided by General Accident Property Services (GAPS) – which runs a chain of 400 estate agents and is part of the General Accident insurance group – it will operate initially in the Thames Valley area near London and will spread nationally during the ne xt two months.

General Accident is offering to cover owners forced to sell their home within three years of a purchase against losses of up to 10 per cent of the original price – up to a ceiling of £15,000.

David Wright, national operations manager of GAPS, said the scheme would be sold through housebuilders, which would be able to offer it as a sales incentive. There are no plans to offer it generally to the public.

The cost to builders would be a flat fee of less than £300 a house, which would cover purchasers for three years.

Letters detailing the offer have been sent this week to companies in the Thames Valley region, including most of the national housebuilders. Wright said the insurance policies would be written by a Lloyds insurance syndicate rather than GA. "The aim is not to generate insurance business but to try to stimulate the housing market out of the worst slump for more than half a century," he added.

To qualify for the new scheme, people must have been forced to sell their home by loss of job or a forced job move, a divorce or separation, or by the withdrawal of equity by a joint mortgagee.

"Unemployment and the fear of homes losing their value are the two biggest concerns holding back the housing market," said Wright.

■ A rents-to-mortgages deal for ex-armed service personnel is on offer as part of a package launched by SSAFA (the Soldiers', Sailors' and Airmen's Families Association), AFFAS (the Armed Forces' Financial Advisory Services), and the Birmingham Midshires Building Society.

Properties held by Birmingham Midshires will be available on a 12-month lease at an annual rent of around 7 per cent of the property's valuation.

These properties will be available for purchase by ex-servicemen, and any rent paid during the first 12 months will be deducted from the price.

Those who wish to buy will be offered a first-year mortgage rate 1.5 per cent below Birmingham Midshires' base rate, now 10.75 per cent. Mortgages will be offered, subject to normal lending criteria, on up to 95 per cent of the purchase price.

Andrew Taylor

The Week Ahead

Light on the horizon

THREE OF the biggest UK insurance companies will still be in the red when they report pre-tax losses for the first half of 1992 next week.

But with rate increases in the home, motor and commercial insurance markets taking hold, and companies avoiding the weather losses which have bedevilled them in recent years, there are some glints of light on the horizon.

General Accident, which reports on Tuesday, is expected widely to do best with pre-tax losses cut to between £20m and £30m compared with a deficit of £105.2m at the same stage in 1991. GA might even have made a small profit in the second quarter, according to some analysts.

Commercial Union, the most successful and aggressive UK insurer, is on Wednesday expected to report losses of around £30m, a deterioration on last year's £26.3m.

Royal Insurance, which has the weakest balance sheet, is on Thursday expected to register losses of between £70m and £100m, compared with a deficit of £97m last year.

Royal, a market leader in domestic mortgage indemnity insurance, continues to be affected badly by the slump in the housing market.

Hanson, the Anglo-American conglomerate, is expected to report a significant fall in pre-tax profits for the nine months to June when it announces its results on Thursday.

Pre-tax profits are likely to have fallen from £967m to around £760m. Last year's results were, however, boosted by acquisition benefits. Net debt, which is US dollar denominated, is expected to have fallen to £1.1bn because of the weakness of the currency.

British Airways' first-quarter figures, on Tuesday, should reveal pre-tax profits of around £90m compared with £9m a year earlier. The market will also be looking for news of progress on cost cutting, the recent deal to take a $750m stake in USAir, and clues over the impact of price wars in the airline industry.

BA appears to be gaining market share, but this might be at the expense of a lower turnover per seat.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Healys	61½	69	52	23.26	Cowie (T)
JS Pathology	175*	170	154	23.06	Corning
Magnetic Materials	62	60	55	11.37	TT Group
Manders	253½	238	237	85.51	Kalon
Microlec	111§§	105	113	14.82	Meggitt
Penny & Giles	310§§	355	235	29.91	Bowthorpe
Templeton G'braith	$6*‡	296p	298p	$913m ‡	Franklin
Tyne Tees TV ‡	294	266	234	30.52	Yorkshire TV

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 7/8/92. §§Shares & cash. ‡ Sterling equivalent £3.13 (value per share), £476m (total value).

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbey	Apr	1,550	(354)	2.70	(0.61)	1.0	(-)
Airedale	Mar	125,000 L	(118,000L)	-	(-)	-	(-)
Associated Energy	Jun	27#	(1,010 L)	-	(-)	-	(-)
Beales Hunter	May	2,310	(1,830)	20.2	(20.8)	9.25	(9.15)
Benson Group	May	915	(142)	1.09	(0.39)	0.1	(-)
Dudley Jenkins	Apr	466	(340)	4.51	(3.63)	4.0	(4.0)
Enterprise Computer	Mar§§	8,330 L	(7,530)	-	(7.4)	1.25	(2.5)
Forminster	Apr	2,110	(2,240)	46.7	(48.16)	12.53	(11.75)
Jackson (William)	Apr	1,010 L	(2,980)	-	(77.5)	-	(-)
Kleinwort High	Jun	3,570 ‡	(-)	8.64	(-)	7.5	(-)
LEP Group	Dec	59,100 L	(29,400)	-	(16.5)	-	(-)
Novalal	Dec♣	3,490 L	(1,350 L)	-	(-)	-	(-)
OMI International	Mar	2,680 L	(2,450)	-	(3.4)	1.75	(5.21)
Radiant Metal	Feb	95 L	(169 L)	-	(-)	-	(-)
Reflex	Apr†	2,440 L	(2,510)	-	(13.4)	-	(-)
Resort Hotels	Apr	6,050	(4,580)	8.02	(8.98)	3.45	(3.4)
Sutcliffe Speakman	Mar	2,100 L	(14,400L)	-	(-)	-	(-)
TR City of London Tst	Jun	15,700	(15,000)	4.76	(4.65)	4.76	(4.58)
Trencherwood	Oct	37,700 L	(29,300 L)	-	(-)	-	(0.5)
Unit Group	Mar	139	(237 L)	0.8	(-)	-	(-)
Worthington Group	Mar	462	(514)	3.6	(3.6)	1.4	(0.75)
Zetters Group	Mar	1,040	(1,130)	10.0	(10.5)	8.0	(8.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AAF Industries	Jun	2,260	2,220	5.0	(5.0)
Abbey National	Jun	270,000	(308,000)	3.8	(3.5)
Abbey Panels	Mar	1,180 L	(110 L)	-	(-)
Admiral	Jun	1,960	(1,670)	1.7	(1.5)
African Lakes Corp.	Mar	45 L	(81)	-	(-)
Anglo & Overseas Tst	Jun	5,620	(5,940)	1.7	(1.7)
Barclays	Jun	51,000	(378,000)	9.15	(9.15)
BBA Group	Jun	33,000	(26,100)	2.25	(2.25)
BOC Group	Jun♥	250,900	(229,000)	-	(-)
British Alcan	Jun	4,700 L	(3,200 L)	-	(-)
British Petroleum	Jun	711,000 L	(253,000)	6.3	(8.4)
Chieftain Group	Jun	620	(517)	2.1	(1.9)
Clarke Foods	May	168	(364)	0.75	(0.75)
Edinburgh Oil	Jun	5◆	(234◆)	-	(-)
Fairhaven Intern.	Jun‡	9,270	(8,000)	0.2	(-)
GKN	Jun	65,100	(47,500)	8.0	(8.0)
Govett	Jun‡	29,700	(25,900)	9.5	(8.5)
Kalon Group	Jun	6,160	(3,970)	1.0	(0.7)
Kleinwort Benson	Jun	21,300	(24,700)	5.3	(5.3)
Law Debenture	Jun	2,110§	(1,820§)	6.25	(6.0)
Lex Services	Jun	16,000	(4,200)	4.0	(4.0)
Lilleshall	Jun	1,830	(1,250)	1.6	(1.5)
Lloyds Bank	Jun	369,000	(331,000)	5.9	(5.4)
Manders Holdings	Jun	4,060	(2,440)	2.6	(2.0)
NatWest	Jun	211,000	(101,000)	6.125	(6.125)
Pacer Systems	Jun‡	320	(645)	3.0	(3.0)
Philips Elect.	Jun★	238,000	(271,000)	-	(-)
Riva Group	Jun	314	(1,070 L)	-	(-)
Rotork	Jun	4,840	(4,350)	4.65	(4.25)
Royal Dutch/Shell	Jun§	1.40bn	(1.38bn)	-	(-)
Scottish National	Jun♥	11,300§	(10,600§)	5.8	(5.8)
Simon Engineering	Jun	6,050	(10,370)	5.0	(5.0)
Smith & Nephew	Jun	66,000	(62,500)	1.8	(1.75)
Standard & Chartered	Aug	64,000	(83,200)	7.0	(7.0)
Thornton Asian Emerg	Jun	1,670‡	(1,190‡)	-	(-)
Thornton Asian Inv.	Jun	938	(524)	0.66	(0.38)
TI Group	Jun	50,200	(54,200)	3.7	(3.5)
Transport Develop	Jun	16,800	(16,500)	3.0	(3.0)
Trilion	Mar	1,480 L	(788 L)	-	(-)
TR Pacific Inv	Jun	528	(769)	-	(-)
Wickes	Jun	2,600	(12,900)	-	(-)
Yeoman Inv. Trust	Jun	1,850	(1,830)	5.51	(5.50)
Yorkshire Chemicals	Jun	5,160	(5,330)	2.5	(2.37)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. §§ = This years figures for 15 months. ‡ = Figures quoted in US dollars & cents. † = Figures quoted in Irish pounds & pence. # = Figure for seven months. ‡ = Gross income. ♣ = Figures for seventeen months against eight months. ♥ = Figures for nine months. § = Net revenue. ◆ = Net profits. ★ = Dutch Florins. ♥ = figures for nine months.

RIGHTS ISSUES

Aviva Petroleum is to raise $6.5m via a 2-for-1 rights issue at 27p.
Worthington Group is to raise £2.36m via a 3-for-4 rights issue at 31½p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Dividend (p)* Last year Final	Dividend (p)* This year Int.
FINAL DIVIDENDS				
Armitage Brothers	Tuesday	2.5	3.2	2.6
Baileys	Tuesday	-	-	-
Brandon Hire	Tuesday	1.11	2.22	0.1
Crown Eyeglass	Tuesday	-	3.5	2.0
Howard Holdings	Tuesday	-	0.5	-
Newmark (Louis)	Tuesday	-	-	-
Rexmore	Tuesday	0.7	1.55	0.7
Standard Platform	Wednesday	-	-	-
INTERIM DIVIDENDS				
Associated Fisheries	Thursday	1.0	6.0	-
Ayrshire Metal Products	Thursday	-	-	-
Benson Crisps	Wednesday	0.7	2.15	-
Blagden Industries	Thursday	4.5	5.0	-
British Airways	Tuesday●	2.94	7.24	-
British Telecom	Thursday●	5.7	8.7	-
Commercial Union	Wednesday	9.25	14.4	-
Foreign & Colon Enterprise	Friday	-	0.4	-
Foreign & Colonial Inv	Thursday	1.07	2.12	-
General Accident	Tuesday	9.7	17.05	-
Glynwed Int'l	Thursday	4.15	7.5	-
Hanson	Thursday‡	3.15	7.85	2.75
Heywood Williams	Wednesday	4.5	8.0	-
Huntingdon Int'l	Monday‡	0.87	1.9	0.87
Johnson Group Cleaners	Thursday	7.0	18.7	-
Kleinwort Overseas Inv	Wednesday	1.5	1.7	-
LIT Holdings	Friday	-	-	-
Manchester Ship Canal	Tuesday	-	4.5	-
Metal Bulletin	Tuesday	2.4	5.0	-
Moorfield Estates	Wednesday	-	0.1	-
New Ireland Holdings	Monday	3.0	n/a	-
Newmarket Venture Capital	Tuesday	-	-	-
Nichols (JN) (Vimto)	Wednesday	4.6	7.7	-
North Midland Construction	Wednesday	0.5	0.5	-
Portmeirion Potteries	Friday	2.26	5.1	-
Queens Moat Houses	Wednesday	1.34	1.54	-
Relyon Group	Tuesday	1.75	3.15	-
Royal Insurance	Thursday	11.25	-	-
Saatchi & Saatchi	Tuesday	-	-	-
Seacon Holdings	Monday	1.5	2.7	-
Takare	Monday	0.5	1.0	-
Thailand International Fund	Friday	-	-	-
Tullow Oil	Thursday	-	-	-
Ward Holdings	Wednesday	0.5	-	-
WPP Group	Thursday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = Third quarter figures. ● = First quarter figures.

FINANCE AND THE FAMILY

Diary of a Private Investor

Directors who lack a proper sense of direction

THEIR FACES stare at you from company reports – balding men in sober suits who seem to be in their 60s (although some are much younger). They are non-executive directors who, with the recent publication of the Cadbury report on corporate governance, are claimed to be a "good thing" for companies. But are they?

As a private investor, I have learned from bitter experience that having "the great and the good" or even an army of accountants on the board is no guarantee of success. Fortunately, I avoided putting money into such companies as Polly Peck, Maxwell Communications or Dominion International. All had non-executive directors – and look what happened. (My wife was particularly upset about Dominion International being placed in the hands of administrators since she had a small shareholding).

Similarly, there is no reason to believe that a strongly-managed company without any non-executives is doomed to failure. Indeed, it might well perform better than many others – especially those where non-executive chairmen and/or some of the non-executive directors interfere too much in the day-to-day operations or inhibit development by being too cautious.

On the whole, though, I like to see at least two non-executives on a board – if only as an indication that it is not too hidebound by tradition. The trouble, as various surveys have shown, is that too many non-executives are appointed for the wrong reasons: they were at school or university with one of the executive directors, or played golf with him, or helped him to acquire a gong.

What should non-executives do for a company and its shareholders?

Much has been made of the need for a good non-executive to be "independent," but I like to see them having at least a modest shareholding. This demonstrates some financial faith in the management and direction of the company.

But the shareholding should not be too big. It seems to me that non-executives with large holdings or high fees may be less likely to speak out on crucial issues because they are concerned about protecting their position.

As well as independence, I believe non-executives ought to bring to a board a wide range of experience and expertise, and a strong belief in ethics. They should, of course, have the interests of the company as a whole (including shareholders) at heart.

Some years ago, I attended a one-day course (organised by the Institute of Directors) on "the non-executive director and the board." I had become so convinced of the need for more companies to have truly independent non-executives that I thought I should become one. I then registered with the two main UK organisations (the institute and PRO-NED) which offer a service to companies seeking non-executives.

According to PRO-NED's annual review: "When chairmen use a search agency such as PRO-NED, their specification for the kind of person they are looking for tends to be uncompromisingly narrow. They are seeking, on the whole, main board directors of other PLCs, who are preferably chief executives and in the age range 45-55." Unfortunately, one of PRO-NED's own information leaflets states that "new entrants" to its register "are not normally accepted below the age of 45."

PRO-NED adds: "In the cause of independence, there is a case for bringing some directors on to the board who will have a different background and outlook and will provide a challenge to accepted executive thinking."

In 1990, at the age of "only" 44, I was accepted by both non-executive registers. I stressed my degrees in law, philosophy (including ethics), and sociology and business experience. This included founding several companies, one of which I steered to a full stock market quotation. I also became its chief executive. Would people be beating at my door?

The result has been absolutely zero. I did not expect PRO-NED's sponsors (such as the Bank of England) to offer me anything, especially as I would have been pressing for a realignment of the pound and a dramatic drop in interest rates. But I hoped to be of use on a company board.

The same fate has befallen most of the other names on the two registers. Despite the urgings of the Bank and various City organisations, most non-executives are still appointed mainly because of who they know, rather than what. But is this so surprising when most City institutions themselves have boards appointed in a similar manner? Indeed, the Bank of England itself needs a wider range of directors.

Perhaps I should tear out some of my hair, join a golf club and make more influential friends.

Kevin Goldstein-Jackson

AVCs and tax relief

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I AM 47, and for the last ten years have been paying 4 per cent of my salary into my company pension scheme. This year I am inheriting some money and will be able to afford higher payments. I am therefore making Additional Voluntary Contributions (AVCs) up to the limit of 15 per cent.

I understand that with a personal pension plan it is possible to backdate tax relief for up to six years, but because I am part of a company pension scheme I am not allowed to take out a personal pension as well. Is it possible to backdate the tax relief for AVCs? Our pension administrator says no, but it may well be that this is a new request. Are there any procedures that need to be followed if it is possible?

■ AVCs cannot be backdated. However, if you are paying 4 per cent as basic contributions you can pay up to 11 per cent of earnings as AVCs. Furthermore, if your basic pension contributions of 4 per cent are not based on your total PAYE earnings (including taxable P11D expenses) your AVCs can be calculated as 15 per cent of your gross taxable earnings from your employment, less the amount paid to your scheme – which in many typical company situations would mean that the permitted AVC limit could be 12 per cent (assuming a 4 per cent scheme contribution) or more.

As your current scheme membership is providing for current service AVCs at this level over the next 18 years (assuming your retirement age is 65) this should enable you to fill up a substantial back service gap. You should ask your pensions manager for estimates (assuming you are in a final pay plan) of the likely percentage of final pay that such AVCs could reasonably be expected to produce, asking him to make allowance for topping up your spouse's pension to two-thirds of yours and for indexation on both pensions.

No opt-out for self-employed

I AM self-employed. Can I opt out of the state pension scheme, and if so, can I get back the money and interest I have paid in?

■ The answer to both questions is no. Contracting-out rebates are only available for employees taxed under Schedule E as the self-employed do not qualify for SERPS. Contracting-out cannot be backdated.

Two jobs, one pension

I HAVE two contracts with a private limited company. Under one I act as managing director; the other provides for me to offer services as head of research. Is it possible to retire from one post and to draw the relevant proportion of the accumulated pension funds while remaining active in the other? No specific retirement age is laid down.

■ If your pension scheme gives you the right to retire and draw your pension there are no Inland Revenue or other rules to prevent you from receiving a salary, consultancy fee or other income from the employer providing the pension scheme. The common practice when a managing director retires from a small company and starts to draw his pension is for him to start a new contract as, say, non-executive chairman. In your case there is no impediment to your retiring and continuing to receive remuneration in whatever form may be agreed between your company and yourself.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£1,000	10.00%	Yly
Bristol & West BS	Balmoral A/C	031 225 3557	Instant	£2,000	10.45%	Yly
				£25,000	10.90%	Yly
Allied Trust Bank	3 Mth Notice A/C	071 626 0879	3 Month	£2,001	10.91%	Yly
Skipton BS	Fixed Rate Bond	0756 700500	7.8.94	£5,000	11.00#	Yly
Chelsea BS	Premier A/C III	0800 272505	30.9.94	£10,000	11.75♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
Julian Hodge Bank		0222 220800	5 Year	£20	12.50%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.00%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	9.60%	Yly
				£25,000	10.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	Intl Gross	0481 715735	Instant	£500	9.60%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.55%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	11.00♠	OM
				£25,000	11.25♠	OM
				£50,000	11.75♠	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.70%	Yly
Aegon FN		071 538 8800	2 Year	£20,000	8.20%	Yly
Prosperity Life FN		0800 521546	3 Year	£25,000	8.50%	Yly
Aegon FN		071 538 8800	4 Year	£20,000	8.45%	Yly
Liberty Life FN		081 440 8210	5 Year	£50,000	8.60%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C	wef 19.8.92	1 Month	£5	8.25%	Yly
	Income Bonds	wef 18.9.92	3 Month	£2,000	9.00%	Mly
	Capital Bonds E	wef 24.8.92	5 Year	£100	10.00F	OM
	First Option Bond		12 Mths	£1,000	9.67%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue	wef 24.8.92	5 Year	£25	7.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + Infln	OM
	Childrens Bond C	wef 24.8.92	5 Year	£25	10.10F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 31.1.93. ♣ = Rate fixed until 1.10.92. ♠ = Rate fixed until 31.8.92. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

Minding Your Own Business

How gypsies proved a site's salvation

Keith Wheatley visits a holiday complex that is weathering a West Country recession

GYPSIES were Peter and Liz Heywood's salvation when they took over a run-down Cornish caravan site. "We had to get rid of 32 ancient Bluebird caravans before Easter," recalled Heywood. "We thought giving them to gypsies was the answer. Unfortunately, when you tried to tow them, they fell apart." Eventually the gypsies solved the problem – dismantling the Bluebirds for scrap at a fee of £10 each.

The experience was an early indicator for running Trewince – no problem or solution has been predictable.

The 1750 manor house, dominating the glorious Roseland peninsula south of St Austell, is a unique holiday mixture. The acres of gardens and woods surrounding the house shelter dwellings ranging from £80,000 timber lodges to pup tents containing hikers walking the adjacent south-west coastal footpath.

Sea views surround Trewince and, with the National Trust owning most of the Roseland, the landscape is unspoilt. But the business outlook cannot be isolated from the trauma affecting the rest of the West Country holiday trade. All along the magical Cornish coast, hotels are closed or for sale at ridiculous prices.

"My worst guess is that we are going to be 20 per cent down on last year's turnover," said Heywood, a former technical director of a pioneering British robotics company. In 1991, the turnover at Trewince was about £190,000, with only a very small profit.

Unlike many families, the Heywoods had no dreams of leaving their comfortable suburban lives in Hertfordshire and fleeing to Cornwall. "I was enjoying my very conventional life and my job was stimulating," said Heywood. "I came down in 1984 just to oblige a neighbour who was thinking of buying the place. It was terribly dilapidated but I heard God telling me to live here." Both the Heywoods are committed Christians.

Trewince cost £300,000 for just the asset. "There were no books available so you couldn't buy it as a going concern. It was just finger in the air stuff – against all my technical and business training." Heywood recalls his managing director "going white" when he heard of the scheme and begging him not to do it.

In the early days, it was a partnership. Both families sold their homes in Hertfordshire for £100,000 and the bank put in £100,000 plus a £24,000 facility for working capital. Early omens were not good. "We were snowbound for weeks and it never snows in Cornwall," said Heywood. "We had to be operating by Easter to get some cash in, and all we had for forward bookings was a scruffy piece of paper with nine names on it.

For Trewince, no problem or solution has been predictable

"We discovered that Trewince had a terrific reputation – for being dirty and run-down. Some regulars in the chalets brought camp beds so that they wouldn't have to sleep on the mattresses. Yet they came because there is a kind of magic here."

The first couple of years were the usual story of under-capitalised small businesses owned by people learning the hard way. In the first year they made a loss and were too broke to go to Sainsbury's, but the second year was break-even and then a small profit began to peep through.

Crisis was just around the corner, though. For personal reasons, the Heywoods' partners wanted to be bought out – and even the ever-helpful Royal Bank of Scotland was not going to turn another third of the Trewince equity into debt. Heywood's long-term plans began to appear a short-term necessity.

"It was obvious that we had to sell our assets forward to survive," he said. Plans were submitted to put 10 timber lodges – highly-equipped three-bedroomed units – in the orchard adjoining the walled garden. They would sell for £79,000 each on a 999-year lease. The National Trust objected, and it took months and an appeal to secure permission.

The delay was to prove nearly fatal. "Our timing was perfect – it couldn't have been worse. We put up our show lodge in June 1990 and by September we had 10 firm prospects," said Heywood. Then came the NT objection and 15 months of delay – during the worst property recession in living memory. Meanwhile, the Heywoods' partner had already been bought out with borrowed money. "We could see ourselves going broke rapidly. It came very, very close."

The loan on the property went up to nearly £500,000 at one point, compared with a bank valuation of £950,000. At the same time, holiday cancellations were starting to come in, often accompanied by a letter telling of redundancy or family hardship.

In the past 12 months, though, things have started to turn around. Three more lodges have been sold, easing some financial pressure, and good summer weather has brought in casual visitors. Providing accommodation for Christian groups and youth clubs has been useful. "It's a good niche market and one that we're already in touch with," said Heywood.

Word-of-mouth has generally been more successful than advertising at promoting Trewince. "It's not a holiday park, it isn't a caravan site. The Cornwall Tourist Board don't know which category to put us in."

Heywood's next goal is to put a small restaurant into the main house, where the family has a flat. "This place is something very special and everyone who comes here feels it."

■ *Trewince, Portscatho, Nr. Truro, Cornwall. TR2 5ET. Tel: 0872-580289.*

Designs for men that keep women in mind

***Paul Keers** looks at the development of male underwear and the struggle to reconcile conflicting demands of fashion and comfort*

ACCORDING to the magazine Men's Wear in 1935: "Underwear should have the grace of Apollo, the romance of Byron, the distinction of Lord Chesterfield and the ease, coolness and comfort of Mahatma Gandhi." Since then, designers and manufacturers have been struggling to reconcile these conflicting demands.

Certainly, none of those men would have been happy with the underwear of the 1960s and 1970s. That was the era of pouches, thongs, tangas and mini-briefs. Morals were loose, underwear was tight. And it was made of figure-hugging nylon, until it emerged that the consequent rise in body temperature could induce sterility.

Underwear also was coloured, in hideous purples and greens. Yet, it was plain white underpants that made a comeback in the '80s. And by entering the fray alongside boxer shorts, they really defined the battle between grace and distinction, between Apollo and Lord Chesterfield, which marks today's bottom line.

As the 1980s' fitness movement emerged in New York, Calvin Klein hit the market with his classic, combed-cotton, plain white Y-fronts. In a brilliant US advertising campaign, he displayed this classic underwear on female models. A stunning black-and-white Bruce Weber photo of a girl in white briefs dominated Times Square, and women as well as men rushed to make the line a sell-out.

Klein always has been allied with a clean-cut, healthy and athletic American image. His simple white underwear took on the same image by association. When Jockey introduced the Y-front, the company proclaimed it was "scientifically perfected for correct masculine support." In Calvin's hands, that athleticism became a symbol of the work-out generation. Yet, on the other side of the Atlantic, Britain was working to a different brief. In the UK, the late 1980s was the era of the boxer shorts.

As with so much of British menswear, boxers represented a return to tradition, a harking back to the wardrobe of the classic gentleman of the 1930s. If you wore braces and brogues, then boxers were the obvious accompaniment.

And it was ace designer Paul Smith, of course, who first realised the comic potential of the boxer shorts. You could actually print their flat sheets of cotton (or new-money silk) with anything from polka dots to pigs. There are few items of clothing with which a man can be a little witty; even a humorous tie can raise eyebrows rather than smiles in a sombre office. So, the new breed of City boys, straining against the traditional dress code of the Square Mile, had fun with their unseen underwear. Serious Money and frivolous boxers were a fashionable 1980s combination.

Alongside nostalgia and naughtiness, though, perhaps the biggest single influence on the rise of boxer shorts was their popularity with women. It takes a good physique to make Y-fronts look sexy, whereas boxers hide a multitude of sins.

Female taste is a significant factor in male underwear; not only do women buy a great deal as gifts but they are also the people men generally want to please when they get down to their basics.

And so, despite the fact that they completely fail to offer the physical support of briefs, boxers shot to popularity. Form had conquered function. As we go into the 1990s, the two poles of underwear style are locked in combat. They give out different messages but both are equally fashionable.

Last month, Luke Perry and Jason Priestley, teen heart-throb co-stars of the US TV series *Beverly Hills, 90210*, dropped their jeans for *Vanity Fair*. One was wearing white Calvins, the other paisley boxers.

Klein, pushing the sporting image to the maximum, now markets a range called Athletic, available in London at Harrods and Selfridges and described as "engineered to excel in the realm of active sport." With five per cent spandex in the cotton fabric, to provide extra support, the designs are based on sports kit; hence, the vest is a "sport tank" (£24.95) and the briefs a "cycling short" (£17.95). Those two are combined in a one-piece "body tank" (£29.95), which looks as if it could be maneouvred on and off only by an accomplished gymnast.

Jockey also has introduced three "sports" underpants containing five per cent Lycra (£5.99 to £9.99). But the company, which patented the Y-front during the First World War, retains that traditional design in briefs, "midways" (thigh length) and "thermal longs" (£3.99 to £8.99). And Jockey is traditional at heart; any "sports" range which goes up to a 38-inch waist is not aiming at serious athletes.

Meanwhile, at Knickerbox there is a range called New England, which seems to take tradition back to somewhere around the First World War. Ankle-length long johns in grey ribbed cotton (£14.99), long-sleeved vests with three-button necks (£16.99) and the return of button flies – all push underwear back to our grandfather's day.

As the nation's biggest underwear outlet, Marks & Spencer naturally is keeping its options open. Its Active range mimics Klein by putting three per cent Lycra in the mix and proclaiming that the underwear "can also be a sport accessory." Athletics vests and trunks are £6.99 each.

Traditionalists, meanwhile, can get Disney characters on their M&S boxer shorts (£5.99) or pursue the new trend for old-fashioned button flies with cotton knitted trunks (£5.99).

So, which is to be – Apollo or Chesterfield, athlete or aesthete? Personally, function is more important than form in the end. Klein has my support, just as I have his.

Boxer shorts from Knickerbox. Prices range from £8.99 to £10.99

Jockey's Premier Classic brief (£4.99) and T-shirt (£6.99)

Marks & Spencer's Authentic trunks (£5.99)

Boxers by designer Paul Smith at £25 each

Mega-yachts sink in a sea of recession

***Keith Wheatley** discovers that the super-rich are finding it hard to dispose of their floating gin palaces*

ONCE they were known, scornfully and with a touch of envy, as gin palaces. The mega-yachts of the super-rich were at their most visible each August moored to the cobbled quay in San Tropez or filling a sheltered anchorage on the Sardinia coast. But recession has left many of them lined up in Mediterranean harbours, as empty as the office blocks which financed them.

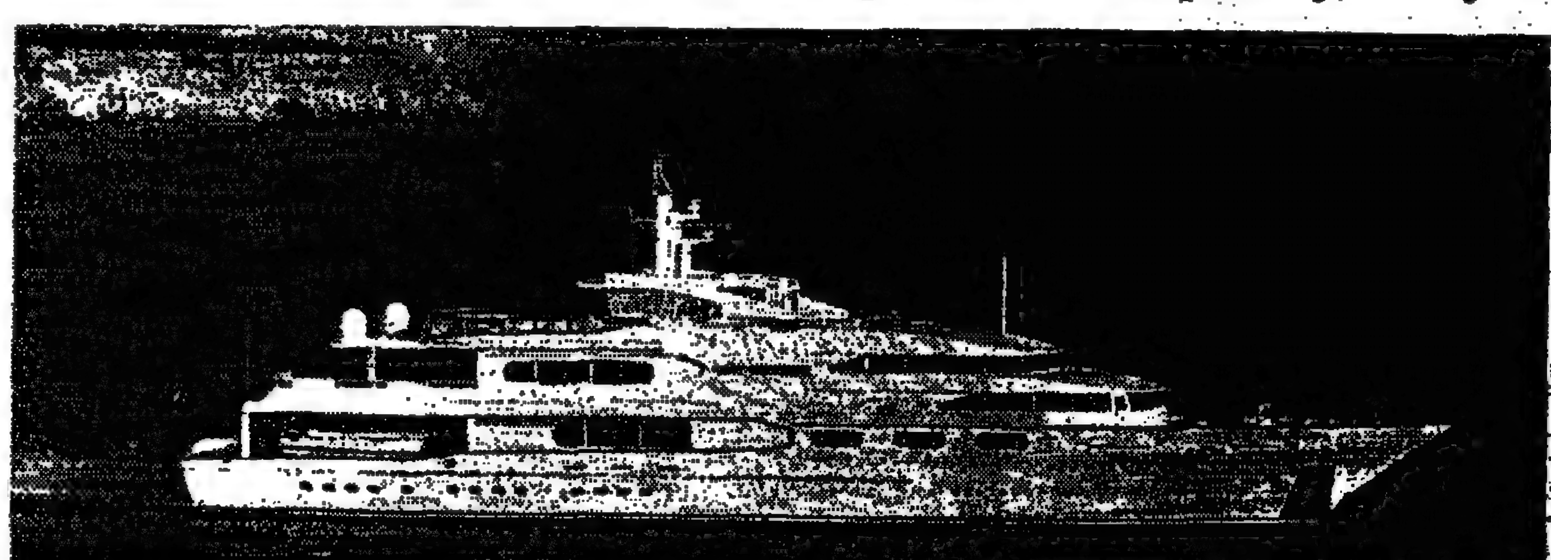
The industry is unanimous that there has never been a better time to buy a mega-yacht. As over-borrowed tycoons find the bank manager no longer returning calls, the corporate toys go on the block. Bargains – although the pin-striped brokers of this industry would never use such a word – abound.

One such was the late Robert Maxwell's vessel *Lady Ghislaine*, from which he fell to his death last November. It was sold this week for a price thought to be around £10m - considerably below the original asking figure. But there is always the slightly larger *My Gail III*, owned by Gerald Ronson of the stricken Heron Corporation; he is asking £14m.

Will he get it? The yacht brokers of Antibes and Monaco shiver. They know full well that *Natalina B*, the 162 ft flagship of Harry Goodman's International Leisure Company, is still for sale at £8.5m with scarcely a nibble to date. *Southern Cross*, once Alan Bond's pride and joy, sits forlornly alongside a quay in Antibes while its former owner works on a prison farm in Western Australia.

Nigel Burgess, who runs an eponymous company with offices in Monaco and London, is the most successful broker and manager of mega-yachts – defined as being over 110 ft long and worth more than £10m. "At prices over £10m, you seldom deal with inherited wealth," he says. "It's almost always self-made business money, and the yacht is a corporate vehicle. That means it is terribly vulnerable to the general state of the economy."

With his heavy tortoiseshell spectacles, perfect manners and cautious speech, Burgess could be a Harley Street physician or a royal courtier. Discretion is a way of life with these men. They may work the Monte Carlo waterfront but they go to work in worsted suits and black lace-up shoes.



Robert Maxwell's "Lady Ghislaine," sold this week nine months after its owner fell off the stern and died

"Owners are paranoid about secrecy, largely because they don't want to reveal the extent of their lifestyles to their employees or business competitors," says Alex Braden of Yachting Partners International, a rival to Burgess. There is also an unspoken superstition that the better-known a yacht and its owner becomes, the more likely it is that the two will be parted – the *Lady Ghislaine* and the *Trump Princess*, once owned by Donald Trump, being just two of the more conspicuous examples.

The *Trump Princess* used to be called the *Nabila* after the daughter of its owner, Middle Eastern "fixer" Adnan Kashoggi, who hit the financial rocks in 1985. Property developer Trump then offered around £30m for the vessel, at that time the world's biggest and most luxurious. After the sale was agreed, the distaff side of the Kashoggi family pointed out the dishonour of another man owning a yacht named after Nabila. Adnan's people called Donald's people. Meanwhile, Burgess was swimming in this rich soup at 10 per cent commission.

Trump recalled: "They asked if, out of respect for Kashoggi, I would take his daughter's name off the boat." He mulled it over and agreed - if Kashoggi dropped the price £1m. "I think it was just a hell of a good deal," added Trump who, later in the '80s, met his own financial nemesis. The yacht now is owned by Saudi prince Talal Ibn Abdul Aziz and is having a £35m refit in Germany. Insider gossip says it is for sale again.

Maxwell actually bought the *Lady Ghislaine* second-hand from Ronson (although, in this rarified milieu, "existing yacht" is the tactful phrase employed to describe something not quite fresh from the builder's slipway). It is the third-largest yacht registered in Britain after the royal yacht *Britannia* and Ronson's present runabout.

The publishing tycoon immediately re-named the Dutch-built vessel after his favourite daughter. The boat was always available for charter at £100,000 a week in high season. In contrast, says Burgess, the privacy-conscious Ronson was one of the few owners who declined to charter his yacht, although it was used a great deal for corporate entertaining.

With annual running costs for this type of vessel at around £1.5m – a good skipper alone can command a £150,000 salary – chartering makes makes commercial sense. Inland Revenue officials are much more willing to allow a yacht as tax-deductible if it has been chartered. But will the affluent vacationers who pay £52,500 a week this summer to charter *Deneb Star C* know they are on a boat owned by rock star David Bowie? You will not find a single photo of the rock star on his private floating palace.

London charter consultant Jan Spivey says those wanting to charter regard it as a big plus if they can rent the yacht of a global celebrity. "Unfortunately," she adds, "most of the people with an attractive image want total discretion. So you can't exploit it to market the boat."

Lady Ghislaine was the exception. "Maxwell's ego made sure it was the most expensive boat in the Med, so it didn't do a great deal of work. Plus, he was hideously difficult to deal with." Nevertheless, some found it worth persevering, Frank Sinatra among them.

Yet, when it comes to selling a boat, the high profile of the owner can be a distinct drawback, especially if he has gone bust. "That kind of publicity will put people off, however good the yacht is," says Burgess. Braden agrees. "Guys who are in a conservative way of business don't particularly want to buy the boat of people who took too many risks and failed - or who may now be in prison. Some of the vessels currently for sale attract flash characters who haven't really got the money. They just like to say they looked over so-and-so's yacht. Serious players don't really want to know in a duress sale."

At the other end of the scale – serious money, made quietly – there is scarcely a ripple in the yachting pond. *Brave Goose*, the 152 ft mega-yacht of British tycoon Sir Donald Gosling, continues to be booked months ahead at £156,000 a week. Very few customers will know or care that Royal Navy veteran Gosling made his fortune with a UK company, National Car Parks. They crave a main saloon (with baby grand piano) that, says the brochure, "is a piece of England, like an embassy."

With its midnight-blue hull and white upperworks, red ensign fluttering at the stern, *Brave Goose* is testimony to traditional values, sober accounting, and directors who keep their hands off soaring office blocks and out of the pension fund.

Meanwhile, who will buy *My Gail III* or *Natalina B*? International yacht consultant Eric Ogden looked out over Antibes harbour and sighed. "They're lined up like tombstones," he said. "The boats are like a Who's Who of business problems."

FOOD AND DRINK

In Champagne, there are efforts to improve quality, obliging the low-cost producers to raise standards and prices

Champagne hits back

***Edmund Penning-Rowsell** looks at the price of a favourite fizz*

WHY IS much champagne so expensive and what are the Champenois doing about it?

An answer to the first part of this question is that the cost of the grapes for fine champagne accounts for half the ex-Marne cellars price of the wines of the Grande Marque firms that dominate the market.

Following the collapse of the interprofessional contract in 1990 and the implementation of individual ones, they could not press their grower associates too hard on price. Based on prices of the last two vintages, the cost of the 1.2 kilos of grapes needed per bottle of high grade champagne is about £3.50. The production cost is around £2.50. Add the cost of keeping a non-vintage blend well into its third year, and the ex-cellars price of a Grande Marque champagne rises to between £8 and £9.

At the other end of the market, the cost of grapes from the villages selling at 80 per cent of the top price on the Montagne de Reims and the Côtes de Blancs can be less than £2. Then there is champagne, made partly at least from the third pressing *(deuxième taille)*, yields a poor quality vintage with very short ageing potential, and has an ex-cellars price of about £5.

The problem of the Grandes Marques and a few other high-quality firms is to establish, particularly in a time of sharp decline, a fair relationship between the price and the quality of their (inevitably) dearer champagnes – after all, why buy champagne if it is not clearly superior to the growing number of sparkling wines throughout the world? So great efforts are being made to improve quality, thereby obliging the low-cost producers to raise their standards and prices.

During the past two or three years, almost all the 8,000 press-houses have been inspected and 400 have been replaced. The result is better, clearer must.

Now, the *deuxième taille* is to be eliminated at the coming vintage so that the merchants will secure 100 litres of must from 160, rather than 150, kilos of grapes. And the leading firms which do not use this third pressing will be unable to re-sell it, for it will be distilled. Fifteen million bottles of champagne will thus be lost in an average year. No other sparkling wine in the world has cut out this pressing.

Further, the maximum yield per hectare of grapes will be cut. This will have a positive effect on quality and, eventually, will result in some increase in the final cost per bottle.

A large vintage this year will be highly unwelcome to the champagne makers for, while the desirable level of stocks is the equivalent of three years' sales, stocks at the end of June were estimated at 4.3 years. This has led to prices being cut to levels at which there is little or no profit. It has been possible in French supermarkets to buy champagne for as little as FFr 52 a bottle.

A normal good crop runs to 10,000 to 11,000 kilos per hectare, but this year anything exceeding 9,000 to 9,500 will be blocked. The excess cannot be made into champagne and will be kept in reserve by the growers and co-ops, who will not be paid for it until it is released, probably in two years' time.

The champagne makers are also planning to extend the minimum age for selling a champagne from 12 to 15 months and, eventually, to 18. Although too little even then for adequate maturity, it will prevent the marketing of immature champagne.

But what will be the likely price of grapes this coming vintage? It must depend first on the size and quality of the crop; but if these are favourable, it will certainly come down from the Comité's recommended price last year of FFr 30 a kilo. Forecasts range from FFr 27-FFr 25.

Last year, for the first time for at least 16 years, prices did not rise and this trend is likely to continue for another couple of years. After the effects of inflation, this means a "real money" cut.

The predicament of the champagne makers is not, however, as bad as it might appear from the UK, which cut its consumption of champagne by a third last year compared with 1990. Worldwide, sales fell by only 10 per cent. This year, a further 7 per cent drop is expected. In less than six months, however, UK supermarkets may face strong competition.

Their normal retail margins on champagne are much higher than in French supermarkets: 20 per cent to 25 per cent compared with 5 per cent to 10 per cent. From January, it will be possible to import without duty (now £1.56 a bottle) 6½ cases for personal consumption.

While such amounts may exceed the wildest wishes of the average Briton, his cash resources and the spare space in his car, it is likely to encourage champagne purchases in France that otherwise might have been made in the UK. It will be interesting to see how British supermarkets respond.

Cookery / **Philippa Davenport**

Around the globe

GLOBE artichokes are flourishing in the garden while those imported from Brittany are excellent value in the shops just now. Broad beans – *the* beans of antiquity – are also plentiful, making beans and artichokes a timely twosome this weekend.

The idea of teaming the vegetables in one dish is nothing new. The flavours are complementary, and good old beans help to make a more substantial dish of a few aristocratic globes.

The partnership is, unsurprisingly, lightest and best when both vegetables are young, fresh and green. It becomes less refined as the vegetables grow more mature, but even coarse, elderly beans are worth consideration.

Of course, broad beans are no fun to eat in their skins once the skins have turned to leather jerkins and the seam down the side of them is as black as a dirty thumbnail. If, however, you slip them out of their jerkins after boiling, they will emerge fresh, bright green and tender.

Thus rejuvenated, broad beans can be processed to a purée with salt, pepper, chopped chives, a squeeze of lemon, a few knobs of butter, a little crème fraiche, and enough of the cooking liquor to make a sauce. A flavoursome low-fat alternative to butter- and egg-rich sauces, this thin bean purée is lovely for dipping the leaves of globe artichokes into and for spooning over artichoke bottoms when all the leaves have been pulled from them.

Another fine way to serve artichokes and broad beans together (providing the beans are young enough not to need the treatment described above) is how Edouard de Pomiane, dietician and teacher, enjoyed them in a small Athenian tavern. The place was famous for its artichokes.

Describing his visit to the inn, Pomiane recalls: "I arrived and sat down on a wooden bench. Immediately, the proprietress called for the woman who served as cook and waitress, too: "Aphrodite, Aphrodite." She appeared, but what a disappointment. Aphrodite was blind in one eye and had a limp. She was more than 60.

Venus had aged . . . but the artichokes were incomparable."

POMIANE'S GLOBE ARTICHOKES A LA GREQUE

Serves four for lunch in the garden with cheese and fresh fruit to follow.

4 globe artichokes the size of a man's fist or 8 small ones; 1¼ lb shelled broad beans (allow 3½-4 lb in the pod); 6-8 oz finely chopped onions; a small handful of chopped parsley and half as much chopped green coriander or chervil; ¼ pt olive oil; 1 lemon for preparing the artichokes and 1 lemon to serve with the finished dish.

First prepare the artichoke cups, a regrettably tedious and time-consuming task but essential to the recipe. Trim the artichoke stalks, remove the coarse outer leaves and cut an inch or so off the tops of the rest of the leaves.

Pull out the inner cluster of immature leaves and use a teaspoon to scoop out the hairy choke that lies underneath. Rub all cut surfaces with a halved lemon as you expose them. As soon as prepared, put each artichoke cup into a large bowl of water to which the juice of half a lemon has been added.

Season the onions with salt, pepper and the herbs and anoint with a generous drizzle of olive oil. Drain the artichokes and put a tablespoonful of the fragrant mixture into each cup.

Sit the artichokes shoulder to shoulder in a large flameproof casserole or sturdy pan. Stir the beans into the remaining onion mixture and pack it into the gaps. Pour on water barely to cover the artichoke cups and add the rest of the olive oil.

Bring to a simmer, cover, and cook gently until the vegetables are perfectly tender – about 45 minutes if the artichokes are large and the beans are beyond the first flush of youth, as they tend to be if bought in August.

Lift out the artichokes and continue cooking – without a lid – until almost every drop of water is driven off, leaving the beans in spluttering oil. Return the artichokes to the pot and leave until barely tepid or cold. Check seasoning before serving with lemon wedges and good bread.

Bookshelf

SOMETIMES food books can be almost *too* worthy, writes Jill James. Such is Giles MacDonogh's scholarship that *The Wine and* Food of Austria (Mitchell Beazley, £14.99, 144 pages) runs that risk. It is so exhaustive in its treatment of the country's wines that might ask: "Do I really want to know all this?"

In its coverage of the origins of the country's wine-making, grapes and methods used, vineyards, producers and imbibers, no grape is left untrodden.

MacDonogh comes up with some splendid quotations from producers. Osberger does not approve of the post 1985-trend to drink ever-younger wines ("it's like sending your children down the pit") but, at times, lets his pre-occupation with history get the better of him.

The last chapter, on Austrian foods, is one of the most enjoyable and that chapter alone should persuade readers to take it on their next trip to Vienna.

A different format would have made the book more convenient for the traveller, for it is too learned for the coffee table. Snappier section headings and lighter, more teasing captions for Manfred Horvath's pictures, which range from dull to excellent, would have improved its presentation.

TRAVEL AND MOTORING

Cuba: coping with inscrutable powers

*In Havana, **James Henderson** encounters good fortune one moment, frustration the next, before escaping to the countryside*

LOOK at Cuba on the map and you will see a crocodile. It is swimming threateningly among the Caribbean islands and with a switch of its tail it might thrust them aside. A crocodile is a fitting animal for Cuba, the biggest island in the Caribbean, which appears frighteningly powerful as it moves to open up to tourism. It could drain the industry throughout the area. But angry and defiant as it is, it has one big problem – the US.

Just above it, Florida hangs over Cuba like a massive incisor, poised to snatch the island in a single bite. Suddenly, the crocodile looks like a wriggling tiddler, and the accident of geography has rarely been as poignant as now. The announcement at the beginning of the year that all assistance from the former Soviet Union had ended means that Cuba needs foreign exchange more desperately than ever.

Tourism seems to be its only avenue, and the country is developing it frantically. But the US trade embargo is still in force. Key West used to be just a few hours away on a car ferry, but there is no contact now.

We joined a weekend tour group to Havana to get settled for the first couple of days. It is not often that I am a proper tourist, even in the Caribbean, and the whole thing made me feel rather naughty. We were shepherded into a tour bus and the guide started his routine.

"My name is Arturo, what is my name, repeat please." A few voices sounded uncertainly, but they were drowned by a massive *"Aaaarrrtu-uurrooo!!"* He gave us a few skeleton details on the country – population: *11m!;* exports: *cigars!;* national sport: *baseboll!* At the back, I felt an urge to heckle.

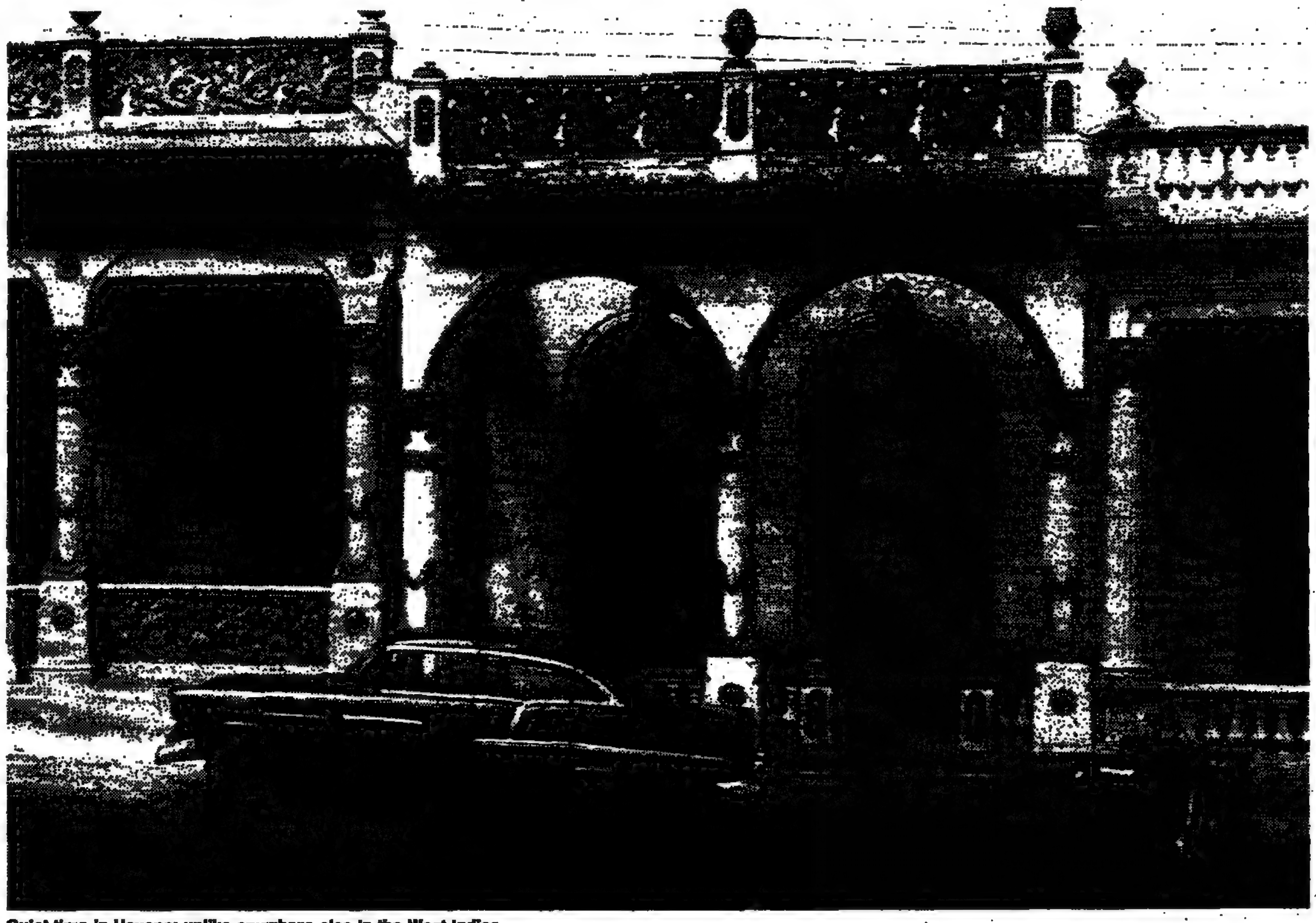
But while I was tittering at my silent one-liners, I began to notice more mysterious things afoot. We would not be staying at our chosen hotel. Inexplicably, the whole party was upgraded to a better one.

There seemed to be inscrutable powers moving behind the scenes, making themselves tantalisingly visible in a person or in a surprise occurrence, bringing unexpected good fortune one moment, frustrating us the next. We called them *ministries* – and competed with one another to give them absurd-sounding names.

Next morning we sidestepped the organised bus tour and headed out into Old Havana. It is without doubt the grandest and most beautiful town in the Caribbean islands, a square mile of 16th and 17th century palaces set around cobbled plazas. I love to wander there. That day, the cathedral was closed, for some reason. But by chance we came on a café in a lovely courtyard surrounded by arched balconies. "Sorry, coffee's off..."

We steeled ourselves for lunch. We chose the famous Bodeguita del Medio, which retains something of its rumbustious nature from Hemingway days in the 1950s. You are encouraged to sign your name on the wall. We had queued for half-an-hour just to get the table and were preparing to wait, but no sooner had we sat down than the Ministry of Expeditious Meals was in attendance, and our order was with us in a flash, surpassing all reasonable expectations of speed.

Havana itself is totally unlike any other West Indian town. There should have been more people in the streets, small traders doing a "lickle business." The single vendor was clearly the Ministry of Green Liquid Distribution, dispensing iced drinks against the tropical sun. He had a permanent queue 25 yards long.



Quiet time in Havana: unlike anywhere else in the West Indies

The ministries' grand illogic makes independent travel unpredictable and quite hard work. You are hardly encouraged to mix with the locals anyway, and in the present difficulties much of the explosive joy of Latin Caribbean life has gone.

Most of the nightclubs have been closed for want of electricity, though I would recommend a visit to the Tropicana. Goggle-eyed, I sat in front of an acreage of taut flesh and shifting satin, all moving in bewildering sequence; headdresses cascaded, limbs flailed and skirts swirled. My wig would have blown off if I had one.

After a couple of days we decided to get out of Havana, but of course this involved meeting the capricious ministries on their own ground. So we developed deviousness. I visited the girl at the hotel tour desk, but the Ministry of If In Doubt, Defer, had struck her dumb. There were no cars available, she explained. How about a trip on a tour bus? No thanks. Then you'd better try Turismo Individual.

At Turismo Individual there was a lady filing her nails. No, the person we wanted was out. We waited. Could there really be a Ministry for Strategic Absence? After an hour's fidgeting we gave up and tried the train station, but standing around at the station was a bit like a part in a Beckett play.

But then, by chance, we scored. In the foyer of another hotel a woman ordered a car for us in a flash – the Ministry of Haphazard Hire Cars. We felt relieved as we left the city and the embrace of the ministries receded.

We headed east and skirted Varadero, Cuba's flagship resort, which is due to have 30,000 rooms by the end of the century. The beach is 12 miles long and one of the Caribbean's finest. Varadero is the passing home of thousands of proper tourists, who lie on the sand all day and dance congas at night.

Beyond, the Cuban countryside is immensely fertile, strikingly green, with rich, deep red earth where a pencil might take root. We passed from fields of sugar-cane into the Escambray mountains, with their bright green tobacco fields. It has always struck me as ironic that one of the favourite luxuries of the capitalist world, the cigar, should be produced by its self-appointed arch enemy, Cuba.

We visited a cigar factory. They didn't really roll them on their thighs, but it is fun to watch cigars being rolled and pressed. Instead of a radio, a woman reads to the workers from the newspaper.

We even visited a crocodile farm. I peered over the 8ft metal link fence to see a heap of them snoozing in a bog, each one propped lazily on the next. They look a bit docile, I ventured. You ought to see them at feeding time, the guide replied.

A lot has been written about Cuba's difficulties. But generally the people are well-fed and well-dressed and certainly did not seem rebellious. There is not much Lycra around, but then that is hardly the pinnacle of 20th century achievement. And it is worth comparing life in Cuba with the largest other latin country in the Caribbean, the Dominican Republic, where there is grinding poverty. The Cubans are considerably better off.

Without the random rule of the ministries, smiles began to work and simple kindness needed no reason. I was on my own in a museum (a derailed train, left as it was 30 years ago when it was stormed by Che Guevara and the revolutionaries, with sombre pictures of those who died and a monumentally ugly sculpture of an explosion cast in concrete), when a stranger approached, concerned that I was alone and therefore must be lost. Did I need some help to get back to my tour bus?

The rhetoric of the revolution appears strained now; the brave days of the 1960s are past and to see Che's face everywhere brings back memories of another age. But communism is only half the story in Cuba.

Long before Lenin arrived, another, more important, national hero was railing against the US. A century ago Jose Marti was predicting that Cuba would never be able to escape the overbearing influence of what he called the "colossus in the north." All the Caribbean islands feel the presence of the US, but with Florida poised so close, Cuba feels it that much more acutely.

Memories of Havana in the 1950s are still strong: so glorious and sleazy. There was a cruel logic about money and satisfaction then, and most Cubans would not want that to return. But the dollar is the flavour of the Caribbean, and it seems unlikely that the island can survive without contact with the US. Cuba may be a frightening prospect for the rest of the area, but the crocodile is looking increasingly vulnerable.

The four-litre Jeep Cherokee . . . a great performer that should be a familiar sight at horsey events by this time next year

Motoring

Chrysler rides again

*Jeep will lead the latest invasion, says **Stuart Marshall***

WHAT DOES the name Chrysler mean to you? If a pensioner, you might recall the schoolboy excitement of spotting that stylish 1930s' streamliner, the Chrysler Airflow. If middle-aged, you might have owned an Avenger, which was born a Hillman and re-badged after Chrysler took over the old Rootes Group late in the 1960s. If younger, you could have bought a Chrysler 180 or Alpine in the 1970s.

Chrysler, which also had acquired Simca in France, pulled out of Europe a few years later. To most of us, it then became a remote, all-American manufacturer, from time to time in danger of going belly-up. But it survived. And, a few days ago, it surprised observers of America's troubled car industry by reporting a $293m second-quarter profit against a £111m loss for the same period in 1991.

Quite a few Chrysler cars are being sold on mainland Europe. They are mostly Voyager mini-vans (actually, large multi-purpose vehicles in the Renault Espace and Toyota Previa mould) and Jeeps. Chrysler took over Jeep when Renault, then owner of American Motors Corporation (which included Jeep) baled out of the US late in the 1980s.

Chrysler is now about to return to Britain. Right-hand drive Jeeps will be introduced at the Birmingham International motor show in mid-October. In January, they will appear in the showrooms of 80 British Jeep dealers at prices that will bring no pleasure to 4x4 makers and importers like Daihatsu, Isuzu, Land Rover, Mitsubishi and Toyota.

Jeeps are no longer the rough, open-to-the-elements pneumonia wagons of the Second World War. They are still just as tough and long-suffering, although the Cherokee station wagons have every mod con. Even the basic Wrangler has power steering.

Chrysler Jeep Imports UK, of Dover, Kent, says the Cherokee Limited which is to spearhead the attack on Britain's healthy 4x4 market in January will cost between £18,000 and £20,000. That puts it at the Discovery, Trooper and Shogun price level.

But the four-litre Cherokee will come, in the jargon of the trade, fully loaded. The price will include automatic transmission, ABS brakes, cruise control, air-conditioning, leather upholstery, power-operated seats and windows, central locking, alloy wheels and six-speaker stereo. It will have a three-year mechanical and six-year corrosion warranty.

It is a great performer. On the road in rear-wheel drive, it went as quietly and smoothly as a normal estate car. Off-road in four-wheel drive, it clambered up and down steep, slippery hills and ploughed through deep mud as capably as, but more comfortably than, many a class rival [illegible]

Few buyers will, of course, ever take one off-road seriously. It will be a Volvo estate car alternative, a role it will fill admirably. This time next year, the four-door Cherokee should be a familiar sight at horsey events as well as favoured transport for trendy town and suburban families.

Britain also will get right-hand drive Wranglers with hardtops and five-speed gearboxes in January. A 2.5-litre version of this basic Jeep will be a working or fun vehicle; the Limited, with its four-litre engine, leather seats and alloy wheels, must have Chelsea farmer appeal. Prices will be in the £13,000-15,000 brackets.

Next spring, the Jeep range will be broadened to include a 2.5-litre base model Cherokee – still well-equipped and with automatic transmission – and two-pedal Wranglers. By early 1994, the Jeep Grand Cherokee and a turbo-diesel Cherokee (using the same VM 2.5-litre engine as the Range Rover) will arrive.

Grand Cherokee is Jeep's latest. Bigger than the standard Cherokee although not in the least bloated, it combines typically American [illegible] comfort and silence with exceptionally good handling. Around a twisty circuit, it was just as fast as a Chrysler saloon – yet this civilised machine is also a formidable off-roader. It must compete strongly with Range Rover, particularly as it will cost far less.

Chrysler's Voyager multi-purpose vehicle will not come to Britain for some time. Its sliding passenger door is on the right-hand side, which is fine for mainland Europe (where it sells well) but not for Britain; people would step out into the traffic. We shall have to wait for the next generation Voyager, due in about three years, to leave the assembly line with right-hand drive.

Long before that, though, a small number of Vipers will have arrived. The Viper is Chrysler's most startling product. Hand-built at the rate of two a day, it has an eight-litre V10 engine putting out more than 400 horsepower. It has plastic panels, uses some suspension parts from a Chrysler-made Dodge pick-up truck, and leaves the start line like a bullet from a gun.

There is a hood of sorts but it is meant to be driven open. Heaven knows what it would be like on a public road but, in the privacy of the proving ground, it was sensational – a cross between a Ferrari and a Chevrolet Corvette ZR-1. This muscular go-kart for wealthy extroverts will cost around £50,000 when it arrives some time next year.

THE BARCELONA OLYMPICS

Marathon a 'sell-out to commercialism'

*Tomorrow's runners face daunting heat and a wicked finish, just for TV ratings. **Nicholas Woodsworth** reports*

TOMORROW evening, just before the Olympic closing ceremony, the last and one of the most prestigious events of the Games will be held. It is also without doubt the most gruelling.

Run in high heat, high humidity, high pollution levels and over an extraordinary course, the Barcelona Olympic men's marathon will prove one of the most physically demanding ever run.

There are lots of figures to show why. It is estimated that when the race begins in Mataro, a seaside town north of Barcelona, the temperature will be an already-uncomfortable 25°C. Towards the marathon's end, however, radiant heat thrown off by buildings could be subjecting the runners to a temperature of up to 30°C. More debilitating still, relative humidity in Barcelona in August rises as high as 80 per cent.

With more than 10 kilometres still to go, most of the course is an upward run. The last 4.6km, which take the runners 60m higher still to the Olympic stadium at the top of the hill of Montjuic, has an average gradient of more than 4.5 per cent, and includes some sections of 7 per cent, equivalent in skiing terms to a steep "red" run.

But we do not need figures to convince us of the extraordinary difficulty of tomorrow's race. Last Saturday, in the Olympic stadium, I watched the final moments and aftermath of the women's marathon, begun at the same time of day and run in similar conditions.

Never in any event voluntarily entered into, sporting or otherwise, have I seen such signs of physical and mental distress.

The race was won by the Unified Team's Valentina Yegorova in 2 hours 32 minutes, a time considerably slower than that achieved by women on less demanding Olympic marathon courses in Los Angeles and Seoul.

After her nearest competitor, Japan's Yuko Arimori, came in eight seconds later, they had the energy – between bouts of grimacing and lowering their heads to their knees – to embrace each other and smile for the cameras.

It was a different story in the "mixed zone," the area under the stadium where athletes recover after their events. As runner after runner stumbled and limped into the room – several were brought in senseless on stretchers – the scene seemed to be populated by exhausted boat people rescued after weeks of exposure and deprivation at sea.

As a photographer calmly shot off a roll of film a foot from her face, Manuela Machado of Mexico and another runner stood vomiting violently into a potted palm. Several competitors lay prone and gasping on the ground as water was poured over them; others stood hunched over, grasping their abdomens.

If anyone moved at all, it was with agonised faces and the slowest of hobbles. These are not the sort of scenes likely to promote enthusiasm for marathon running or for the ideals of Olympic competition.

Chris Brasher, organiser of the London marathon, was on hand to witness the suffering, and was incensed. Male marathon runners will face the same kind of problems with heat, humidity, and an over-demanding terrain, he said.

In his opinion, gearing the marathon to prime-time TV viewing and having the event end at the top of a hill for the sake of stadium spectators was unjustified and a "sell-out to commercialism.

"To put on the marathon in the late afternoon, rather than first thing in the morning (the normal practice), and then to make them run 4km up a hill is just criminal in my opinion," said Brasher, a former Olympic gold medal athlete and noted sportswriter.

I spoke to Britain's Steve Brace, winner of the Paris marathon in 1989 and 1990, the Berlin marathon last year and a competitor in the Barcelona event. He agrees that the run will be highly demanding, and while he regards Olympic marathon running as a pinnacle of his career, he is cautious about tomorrow's slog.

Like almost all the athletes running tomorrow, Brace is a professional runner who specialises in marathons. He takes an objective, long-term view of his profession. As an income-earner, marathon running is an activity with liabilities and limitations, and requires business management as well as physical ability.

The winner of the London marathon earns a tidy $50,000 and the New York, Boston and Japanese runs are all in the same prize-winning category. But these and less financially-rewarding events are physically debilitating, and can only be won if a competitor is in top physical shape.

With their careers and financial prospects in mind, top-level runners normally only run two marathons a year. As Brace says, when you have only two pay-days out of 365, you choose, plan and train for them with great care.

Brace trains extremely carefully indeed. "Running a marathon is the easy part," he says. "The hard part is the lead-up to achieving the performance level required." He starts training three months before an event by running 80 miles a week and then building progressively. For the last six weeks he runs 120 miles a week.

Normally he would hope that such a routine brings a pay-off. But the Olympic marathon is an exception: the only top-level marathon that carries no prize money. Brace says that in spite of the prestige and possible financial spin-offs involved, "it does not necessarily make sense to run to win."

Given the highly demanding nature of the course and their desire to preserve physical condition for races that *do* bring in money, he says, many runners will give less than their best effort.

Nonetheless, there are plenty whose considerations stretch beyond the purely financial. Italian Gelindo Bordin, who came first in the 1988 Seoul Olympic marathon, is a strong contender. So is Djibouti's Ahmed Salah, who came third in Seoul. Ibrahim Hussein of Kenya and Hiromi Taniguchi of Japan are also possible winners.

None of them, though, will make a molehill out of the steep and formidable ascent of Montjuic.

Britain's Linford Christie (left) in 4x100m relay action yesterday. Right: Germany's Kay Bluhm and Torsten Gutsche, winners of the men's kayak 500m doubles final

OLYMPIC NEWS IN BRIEF

US officials urged to probe drugs outburst

Track and field's world governing body has demanded an investigation and a written report from the US Olympic Committee over drug allegations by 200 metres gold medallist Gwen Torrence.

A spokesman for the International Amateur Athletic Federation said the organisation wrote to USOC President William Hybl regarding the case.

Torrence said after last Saturday's 100m final, in which she finished fourth, that some runners in the field used drugs. Torrence has refused to name names publicly.

Russian wins 50km walk

Russian Andrei Perlov conquered heat, humidity and the steep climb to the Olympic stadium to take the men's 50km road walk gold medal. Perlov, second in last year's world championships, took an early lead and held on to win in an unofficial time of 3 hours 50.13 seconds.

Italian Carlos Mercenario was second (3:52.09) and Germany's Ronald Weigel, 1988 Olympic silver medallist, took bronze (3:53.45).

Tennis title for Capriati

Jennifer Capriati of the US rallied to defeat top seed and defending champion Steffi Graf of Germany 3-6 6-3 6-4 to win the women's singles tennis gold. Spain's Aranxtha Sanchez Vicario and American Mary Joe Fernandez shared the bronze.

South Africa, returning to the Olympics for the first time in 32 years, won a silver medal in the men's doubles final, its first medal of the Games. South Africa won a silver and two bronze medals in the Games in Rome in 1960, the last time they competed.

Germans Boris Becker and Michael Stich won the doubles gold by beating Wayne Ferreira and Piet Norval 7-6 4-6 7-6 6-3.

Twin success for US

Identical twins Karen and Sarah Josephson of the US won the gold medal in duet synchronised swimming yesterday, earning eight 10s for their routine. The Josephsons won with 192.175 points.

Penny and Vicky Vilagos of Canada, also identical twins, took the silver (189.394). The bronze went to Fumiko Okuno and Aki Takayama of Japan (186.868). British pair Kerry Shacklock and Laila Vakil were sixth.

Two Britons in javelin final

Britain's Steve Backley banished the memory of last year's world championship nightmare to qualify for today's javelin final.

The 23-year-old European champion, who failed to pass the qualifier in Tokyo 12 months ago, unleashed an 80.76m effort with his second attempt to go through automatically.

Mick Hill made it two Britons into the final with a throw of 79.66m, which, although just below the 80m standard, turned out to be good enough.

Former world-record holder Jan Zelezny of Czechoslovakia led the 12 qualifiers with a throw of 83.96m.

Technical knock-out

The Olympics ended without a throw or a kick for some women in combat sports – when doctors discovered they were pregnant.

Women in judo and taekwondo are given pregnancy tests because of the danger that a blow might hurt the unborn child. Doctors broke the news to at least two of them that they were pregnant, said Luis Mir, director of medical services.

Atlanta prepares itself for a tidal wave

*The 1996 hosts are promising to avoid cuteness, says **Keith Wheatley***

WHISPER it not in Georgia but the lowest Nielsen TV audience ratings for the Barcelona Olympics in any US city have been in – Atlanta. The capital of the New South and host for the 1996 Olympics appears to have switched off in a big way.

"We have an explanation for that," confided Billy Payne, without apparent embarrassment. Payne heads Atlanta's organising committee.

"During the opening few days our baseball team, the Braves, were in the middle of the longest winning streak in their history. If I'd been home I'd be watching them too." Payne is the kind of warm southerner who can use words like shucks without difficulty.

In the past month, Atlanta has sent close to 120 personnel to Barcelona to observe how to run the Games. Every Spanish venue manager has had a Georgian behind him with a stop-watch and clipboard. Transport co-ordinators have been telling the Americans what is going on.

Since the '96 Games were awarded to Atlanta two years ago, Barcelona has been the first chance to see how things work in real life. And there will not be another opportunity for hands-on experience. The knowledge is both vital but possibly misleading.

"The ultimate lesson is that you don't want to copy anybody. Each Games is unique," said Payne. "We're enormously impressed with things here in Barcelona but we know that we'll do it differently in Atlanta. The cultural differences get in the way, and in any case you're not comparing apples with apples."

Atlanta's Committee for the Olympic Games (ACOG) knows well that the world will expect the mechanics of the 1996 Games – TV facilities, computers, accommodation and so on – to function with invisible American efficiency. "Heaven help us if we get the hardware wrong," says Payne.

Everyone concerned with Olympic planning agrees that in many ways it is a frustrating business. One senior Atlanta aide likens it to building a $1.5bn corporation, running on roller bearings – and then dismantling it after 16 days of efficient, powerful life.

Since Georgia's capital already has almost all the roads, sports venues and hotels it requires, its position is very different from Barcelona's.

"We are determined to have trained our volunteers and service providers well in advance of when Barcelona has done it," said Payne. The number of people involved is likely to be close to 50,000.

Those who have observed Americans in Europe will know that "cultural cringe" is not a phenomenon confined to Australasia. A large team of journalists sent to Catalonia by the *Atlanta Constitution* newspaper have been telling the folks back home that nothing Georgia has to offer can compare with the cultural depth, architecural riches and general élan of Barcelona.

"I thought we'd climbed the inferiority mountain once," sighed Billy Payne. "When we bid for the Games so many people asked: 'Against Athens! How can you?' Of course Barcelona is marvellous and the architectural backdrop is marvellous, but they have been at it 600 years longer than us."

Payne is anxious to reassure the world that it will not have a large helping of apple pie and cuteness forced down its throat.

"We are very definitely not aiming for a statement about America," said Payne. "Our focus will be the emotions and traditions of the Olympic movement."

Meanwhile, Robert Brennan, communications head for ACOG, will have the task of taking home slides, videotapes and written material from Barcelona to brief and train the growing staff back in the US. He is only partly optimistic about its impact.

"I can describe a tidal wave to you. I can show you photos of it coming up the beach. But until you've been hit by one you have no idea in the world what it's like."

Minnows vs big spenders

***Peter Berlin** on tonight's athletics relay finals*

TONIGHT in the big stadium in Barcelona the athletics is dominated by the four relay finals. Tonight it is nation versus nation.

What the relays demonstrate more clearly than any other athletics event is that at the Olympics the race has traditionally gone to affluent countries – or to those, rather, that choose to lavish resources on athletes.

The US has comfortably won the most relay medals, followed by Britain, the former Soviet Union, the former West Germany (not even counting the six won before 1939), the former East Germany, France and Canada.

Britain alone have won more relay medals (23) than all the Caribbean islands (nine) and Africa (four, including one for South Africa). The Dutch, with one, have more relay medals than all the nations of Asia (nil) and South America (nil) combined. The Cuban women's 100 metres relay teams of 1968 and 1972 are the only women from outside the developed world to have won relay medals.

With a little luck – with their nerve-stretching hand-overs the relays always require a little luck – the developing countries will continue the gentle redistribution of medals. But although they have talent, few can match the strength in depth of the traditional relay powers.

The US 4x400m squad has been weakened by the injury to Danny Everett. Even so they rested Quincy Watts, the 400m gold medallist, and Steve Lewis, the runner-up, in last night's heat. In the 4x100m heats, James Jett replaced Carl Lewis. But Lewis is scheduled to appear in the final, in pursuit of his eighth Olympic gold.

One thing that became clear on Thursday, when Lewis won his seventh gold with victory in the long jump, was that while winning at the Olympics *may bring other athletes* excitement or relief, Lewis simply adores the experience.

When Voula Patoulidou, looking up at the giant video screen after the women's 100m hurdle final, suddenly realised, to her astonishment, that she had won a gold medal, she went delightfully and utterly potty, as did the other 25 Greeks in the stadium, including Queen Sofia of Spain.

Lewis, on the other hand, seemed unsurprised when Mike Powell was unable to overhaul him in the long jump. *Even though the long jump* had not finished and even though 5,000m runners were trudging through a semi-final, Lewis began at once an extremely hammy lap-and-a-half of honour.

He tried to orchestrate a Mexican wave. This is a man who derives immense pleasure from winning in front of a packed house. Lewis will be difficult to suppress tonight.

Noureddine Morcelli of Algeria will be hard to beat in the men's 1,500m. Morcelli is one of five Africans in the final striving to increase their continent's tally of just three Olympic medals (all Kenyan) in this event. Even here there is a US connection: Morcelli attended Riverside Community College in California, to hone his running *on good tracks.*

On Thursday night, Morcelli cruised through his heat in first place after the gentlest push on the accelerator. The Moroccan Rachid Al-Basir followed him down the straight, a respectful step behind, looming over his fellow Arab and glancing anxiously round like a bodyguard. Morcelli has not been beaten in the 1,500m since 1990.

PROPERTY

Convert to a life of affordable luxury

Gerald Cadogan celebrates countryside architecture

BARNS boomed in the 1980s. As the supply of manors, farmhouses and rectories diminished, many were sold for £150,000 to £200,000 for conversion into houses. Barns alone seemed to offer the ambience of traditional country life that Britons, from the Prince of Wales downwards, have long sought for the house they want to make home.

The results, however, were sometimes architecturally disastrous. If they were in open country, planning authorities frequently tried to stop conversions. But, while Nicholas Ridley was environment secretary, local planners knew his inspectors would probably reverse their refusals on appeal.

English Heritage eventually led a counter-attack to defend listed barns and the countryside as a whole. But they did so just as the property market – and with it the demand for barns – was subsiding.

Barn prices have now come down more than have other houses'. The result is there is no longer any need to live in a converted barn to experience country life – not unless you particularly want to. Rectories, manors and farmhouses are back on the market.

If it is a barn you want, there are now many for sale at fair prices, whether already converted or, as the estate agents say, ripe for conversion. The difference now is that district councils, which control planning, are tougher than four years ago. This means we should see better and more appropriate conversions. And, in answer to this need, English Heritage has produced a useful pamphlet, The Conversion of Historic Farm Buildings.

Barns unconverted are lovable buildings, forming part of British economic and social history. In the past, ownership of one symbolised wealth and power. Generally better built because of their importance to the life of a community, many have stood for centuries while farm houses and cottages have risen and fallen around them. They kept the harvest, the hay and the wagons. The animals wintered there. Men hid in them from press gangs or from the enemy during the Civil War. And, being dry, they provided the best space for celebrations and dances - or for a tumble in the hay.

But barns were never places in which to live. This continues to influence planning authorities' present attitudes. If there is to be a conversion, they would prefer the barn to be used for light industrial purposes – as a workshop, warehouse, office, or packing plant – rather than as as house and home.

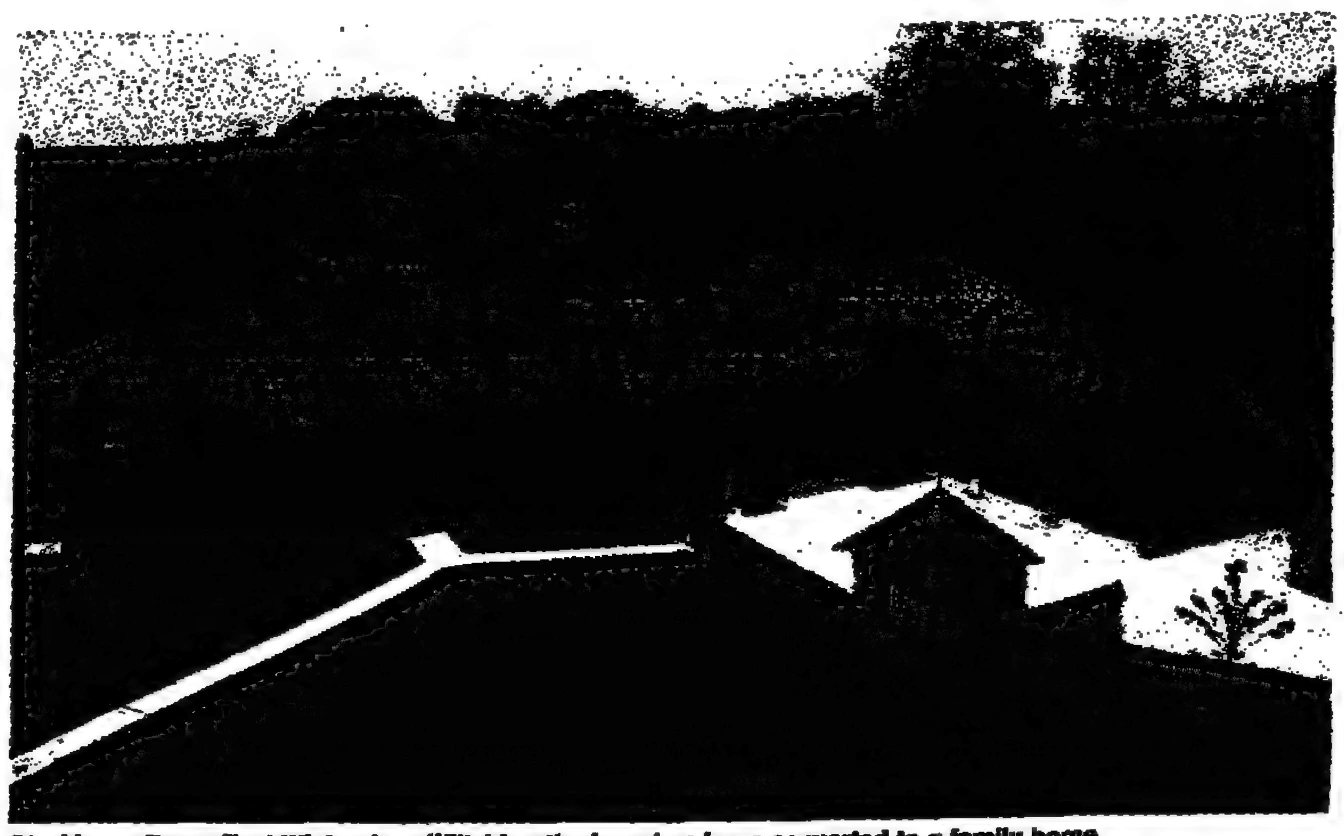
Planners' first question is: Has the barn really become redundant for farm use? Or is the owner merely saying it has? Is he motivated by a desire to collect a one-off payment for the sale – rather than let it at a low business rental?

Keeping the barn commercial may also provide employment and preserve the airy, open-plan character of the building. A house, on the other hand, usually entails subdivision – to answer the need for privacy sought by all but the most eccentric. To English Heritage and the planners, converting a barn into even a concert hall, theatre, conference centre or restaurant (as has happened with many barns and National Trust houses) is preferable to turning it into a home.

If a house is the only solution, the planners will be zealous in ensuring that you respect the character of the building, especially its doors and windows. If it has long, slit windows, like arrow loops, you are unlikely to be allowed to enlarge them, though you will probably be allowed to open up blocked windows and doors. But the barn will have to retain the aspect of long, uninterrupted slabs of wall which, as in a factory, shows it is a working building, not a domestic one.

An imaginative architect is, therefore, essential – one who will enjoy the challenge and who may be able to convince the planners to allow a few windows in the walls. Faced with the big problem of barn doors, can he do better than the standard long strips of glass and wood? If he keeps the original large wooden doors, can he cunningly devise a system of skylights to let in daylight? Can the interior be so designed that part of the house stretches up to the roof to glory in the barn's height, while alongside stands an upper floor gallery?

A proposed barn conversion in open countryside has a poorer chance of approval than one in a village. The typical council decision is that a domestic conversion will have an adverse impact and should be refused since the barn is outside the village. In this, the council will usually get the support of the Environment Department. Mention a possible swimming pool or tennis court and you will not improve your chances of planning approval.



Blackberry Farm, East Winterslow, Wiltshire: the barn has been converted to a family home

In a village, planners are more relaxed about allowing dormers and chimneys. But these can change the character of the building so much that, if it is listed, English Heritage may recommend its delisting.

The brick, flint and timber Hoe Barn at Flansham, West Sussex, provides an example of what can be done and what is available. Set on three floors to emphasize its timber framing, and with its skylights cleverly arranged in a random pattern, it is on offer from Humberts (0273-478828) at £350,000.

On the edge of Godalming lies a 16th century tithe barn on two levels – the cattle were kept on the lower – with a magnificent timbered hall/drawing room, which Browns (0483-31166) are offering at £650,000.

Several barns, cottages, stables and a coach house are ready for customers' conversions on the Gullet Farm estate close to the sea at South Pool, south Devon: Savills (0225-444622) and Luscombe & May are auctioning them on October 2.

Lot 3 comprises two barns at Halwell Farm, built of traditional Devon stone and cob (earth mixed with dung). They come with 2 acres, including some woodland, and private access to a creek and the foreshore. The guide price is £75,000, roughly half of what it would have been four years ago.

If the hurdles before a barn conversion are considerable, the results can be splendid. Barn shells have the advantage of sharing the building style of the country around them and, if sensitively converted, will fit the landscape.

Second homes: enjoyment or investment?

*Just what do you want out of a second property? asks **Audrey Powell**. And will they keep their value?*

IS IT worth buying a second home abroad? With so many prices reduced or negotiable, would it prove an investment as well as a holiday home?

The advice of people long in the business is, get a holiday home for enjoyment, but not for what capital you hope to make out of it. If, like early buyers, you do well on a rising market, fine. Of course, those who purchased at high prices and cannot find buyers now that they need to sell, see things differently.

Even so, there may be other investment aspects to homes bought for leisure use.

At Port Grimaud, in the south of France, some have been purchasing canalside houses simply for the benefit of the moorings that go with them. Moorings for boats of more than 40 ft have become so difficult to find in that area that Nicholas Beuttler, who handles marketing, has been negotiating with a German prepared to pay £380,000 for a house. The buyer is not interested in the house. He simply wants its mooring.

There is a selection of new waterside properties available in Port Grimaud (tel: 94.56.21.82 or, in the UK 0243-572001). Typically a one-bedroom apartment with mooring is £148,000; a two-bedroom house with mooring, £290,000.

Last year Port Grimaud sold 50 new apartments and houses. "Not as good as two years ago but very good in current circumstances," says Beuttler.

Buyers who purchased the first "fishermen's houses" on Port Grimaud's waterside in 1966, when the village was started, have not done badly. They paid £7,000 to £8,000. Resales fetch £240,000.

There can be several side benefits with golf course properties. Many people who choose such a setting do not play golf. They buy for the security of their view and the added value of such a location when they sell.

There are other points. Bovis Abroad (081-422-3488), which has been involved in a number of golf-linked projects, says having a golf membership with a property can enhance the property's value by 20 per cent to 30 per cent.

This company is about to offer a new scheme in Spain, with 10 years' "green-fee-free golf" with each property, transferable with the unit if it is sold.

There is a tendency to write-off areas that have become popular, such as France's Dordogne, as no longer worth considering for "budget" purchases. The feeling is that all the cheap unmodernised properties that started the British going there to gentrify them, have been snapped up. But the area may be worth another look.

One man who bought a cottage in the Dordogne for £750 in the 1960s, before it was "discovered," has used it as an occasional holiday home ever since. He thinks it is worth about £50,000 now. Had he modernised it, it would be worth £100,000.

London agent Rutherford (071-351-4454) says untouched rural buildings are still becoming available there, as farmers retire. It has a selection at under £35,000. Even after improvement they would have cost much less than £100,000.

The possibility of letting can add to a property's investment value. But there are various ways of doing this.

You may choose a property to suit your own requirements, with the intention of letting when you do not want it.

That may or may not work. It may not be the right size. You may just decide you do not want strangers using your property.

The alternative could be to find something with separate accommodation for letting, as a sideline.

In a village near Avignon, in the Gard area of Provence is a restored detached stone house on three floors which could be a buyer's holiday home. In an adjacent quarter-acre plot are ten studio apartments, all on ground level. They are furnished, ready for an owner to let if he wishes. There is a swimming pool and boules court with them.

Total cost of house and studios is £180,000. London agent Domus Abroad (071-409-0571) says potential net annual income from the studios has been estimated at £24,000.

You might prefer a property that would be mostly let, with someone else dealing with the problems, but which you could use yourself occasionally.

In Switzerland the aparthotel system became popular as a way in which foreigners could own a property there, when it was otherwise difficult (though it is less so now).

An example of this sort of proposition is offered by Hilary Scott Overseas, in West Sussex (0234-554319), an agency which deals in Swiss property.

You buy a furnished one-bedroom apartment, with kitchenette and bathroom, in a hotel building in a Swiss resort for, perhaps, £100,000. This is then leased back to the company and it becomes part of the hotel, with the kitchenette closed off. It is let to hotel guests and you may get a net return of up to 5 per cent each year.

Still on the subject of letting, though with investment uppermost, London solicitor Osbornes has a further batch of apartments available in Rotterdam. (It had others two years ago).

These are in a street of tenanted flats which are being sold, four at a time. The two/three bedroom properties, one above the other, are priced at about £52,500 for the four (just over £13,000 per flat).

These Rotterdam properties would not be suitable as second homes, but if an investor buyer wanted something to keep for himself, or to let to someone not necessarily working in the area, Osbornes (071-485-8811) can sometimes offer apartments in Amsterdam, from about £20,000 each.

GARDENING

Breaking rules to baroque effect

Robin Lane Fox argues the case for a forest fit for giants alongside the dwarfs

GARDENS are still on fast-forward. As we enter August, flowers are already shaping up for September. Acceleration exposes weakness. In my gardening, the weak spot is late summer height.

Most nurserymen do not make the problem easier. They assume we all have smallish gardens and therefore we need smallish plants.

Height is not dependent on length or width. An old rule in gardening books says that it is and that the tallest plants in a border should be no more than twice the height of the bed's width. Like most old rules, it needs to be broken. The contrast between great height and surrounding flatness has a bold baroque quality which is all the better for breaking rules.

Notoriously, modern breeders are even less help because they breed for dwarfs. I cannot think of a plant bred for height as a virtue: on trial grounds, the virtues of compactness and mounded shape are always emphasised. It has now become a struggle to find decent plants of the tall milk-blue Campanula lactiflora, which is such a mainstay at five feet in early July. Symptomatically, suppliers have replaced it with a shorter, dull variation and named it Pouffe. Anchusas have shrunk and delphiniums have been named after pygmies. There may or may not be fairies at the bottom of your garden, but at the back of it there are unlikely to be giants.

Academic life requires me to find them. One of my jobs is the slow reshaping of two long borders in my Oxford college, where the soil is very dry against the old city wall. In August, its main season is over, but interest has to flicker on among the deadheads. A few answers are emerging, among several characteristic failures: the answers could apply to any garden, however small.

The most successful is so obvious that we might forget it: in a tight corner, go for Hollyhocks, to a height of 10 feet. Breeders have reduced them, too, but nobody dares to eliminate the giants. They look particularly dramatic, if you limit their colours to dark maroon-purple and white by buying named plants in these colours during the spring. They look less dramatic if you make my mistake and leave the choice to the nurseryman who sells you indiscriminate pinks and reds. Hollyhocks refute old rules because their roots go strongly downwards and their lower stems do not require a great width of flower-bed. Most of their growers know better than to expect any fresh lower leaves on their plants, anyway. They recognise that Hollyhocks are victims to the unstoppable disease of rust. They flower well above its ravages and so I have devised a remedy. In borders, I recommend hiding their lower stems behind groups of tall Michaelmas daisies, which are growing healthily with dark-green leaves just as the Hollyhocks' legs are corroding. There is no point in planting the better-known forms of Michaelmas daisy, which are usually novi-belgii hybrids. Most are prone to awful mildew. The lesser-known novae-angliae forms resist disease and are a better buy.

Height often entails coarse leaves, one reason why we have scrapped our big Buddleias and given up the thistly Echinops with its big heads, like a hedgehog's drumstick, in pale violet or white. For elegance, the old plume poppy, or Macleaya, is a much better bet. The grey leaves are like the ace of clubs: most of us buy microcarpa, although other forms are possibly better. The roots run quite widely, and, after two years, the plant is six feet high. I suppose I should not be surprised to find plants selling for £5 each in garden centres in London.

On less familiar ground, I have high hopes of a pale yellow daisy called Helianthus Lemon Queen. It reaches six feet; it needs no staking: the flowers really are a pale yellow and a decent size and the plant can be multiplied easily from summer cuttings. We have packed it in the back row beside the white spikes of the excellent Veronicastrum, as botanists have renamed Veronica virginica. This slender plant reaches six feet above purplish foliage and the white form is charming.

If the soil is not too dry, the options are much wider. In the half-shade of a town garden, my first choice for emphasis in August would be one of the Cimicifugas, those plants with tall stems and flowers like white bottle brushes. The best is a new one called ramosa Brunette, which has very dark leaves without being sombre. Brunette will cost you an arm and a leg until it has been more widely propagated, but it is worth the expense because the contrast of flower and leaf is so good. At even greater height, you might also try late-flowering clematis trained up tripods of tall bamboo canes. Grand gardens exploit this trick, but two or three wigwams would lift the sides of any small garden into a new class in late summer. The long canes need only be added above a lower frame in July. That method avoids a bare wigwam of tall stakes in May behind the lupins.

My favourite giant is none of these good plants, and, if I could torture it for another foot in height, it would be ideal. So many new red crocosmias have been bred or revived that we have even forgotten the days when we knew them all as montbretias. Most of us have forgotten the older variety which nurserymen used to list as a curtonus. It grows five feet high and its fans of fresh green leaves send up sprays of vivid red flowers, which last for weeks. It is too good for botanists to leave it in peace: recently, they have renamed it Crocosmia paniculata, which will probably confuse everybody for another 10 years. Resist the confusion, because this old variety is spectacular near the back of any bed: it is a giant among the newer pygmies and it has not been tamed merely by changing its names.

Plant of the Week

Campanula laxiflora

THIS is one of the tallest of the hardy herbaceous campanulas, up to 5ft in height and with big branching heads of light violet-blue, bell-shaped flowers. It is a fine plant for the middle or back of a border in any ordinary good soil and open or lightly-shaded place. Increase is by division in spring or by seed. Seedlings may vary in character. There is a dwarf variety, only 18 inches high, named Pouffe, and a tall lilac-pink variety, Lodden Anna. The best blue variety is Prichard's Variety and there is also a white, Alba. *Arthur Hellyer*

Clipped into proper shape

*Topiary is undergoing a revival, says **Arthur Hellyer***

WHILE visiting gardens recently, I have seen some remarkable examples of topiary, the art of training and clipping plants into all manner of artificial shapes. It is an ancient art, used in classical times; and, from the amount I have seen in gardens this year, it is enjoying a period of popularity.

There are many ways of approaching the art, one being to buy young specimens in nurseries or garden centres and continue to clip them according to the shape, simple or fanciful, which they have been given already. These ready-made specimens usually will be fairly simple columns, cones or balls, or perhaps twisted stems with a ball on top, a form that once was highly popular. Peacocks are still in fashion and can sometimes be bought ready-made, and so can some stranger creatures.

A catalogue arrived the other day offering wire frames on which topiary could be trained, either in large pots or other containers or in the open ground. These frames all were comparatively small, the largest being a simple cone (it was called an obelisk in the catalogue but cone would seem to be a more accurate description) 22 in high by 12¼ in wide which, when clothed fully with plant growth, would be about double these dimensions. Other more fanciful shapes were a lyre, a guitar, and playing-card shapes of spades, diamonds, hearts and clubs.

In the garden of Schute House near Shaftesbury, Dorset, the owners had made their own frames on a very much larger and more substantial scale. Several were about 6 ft high and 4 ft through, shaped like a pawn made for a giant chess board and each containing several small yew trees which might be expected to fill them in two to three years.

Yew is one of the best shrubs for topiary because it is fully hardy and stands clipping well. It has small leaves and a densely-branched habit which makes it possible to cut quite small detail in it. There are both green and golden-leaved varieties. Box is also good, for similar reasons, but is less strong in growth than yew.

In this same garden, there also was one other frame and plant which must surely have been for an experimental specimen of topiary. The frame, apparently made of aluminium, was a narrow cone fully 15 ft high and about 5 ft wide at the base. The plant growing in it was a dawn redwood, or mettasequoia, the very ancient species of conifer which was known only as a fossil until the early 1940s when it was discovered growing wild in China.

It has finely-divided leaves, very much like those of the swamp cypress (taxodium), but it grows much faster than that tree – as much as 4 ft a year when young – and I would expect the plant in the conical frame to cover it in three to four years. What is problematical is how it will behave after that. It has a naturally loose habit, totally different from yew, and I have never

Yew is one of the best shrubs for topiary because it likes being cut

seen it clipped. It also loses its leaves in autumn, but they hang on late and the new leaves come early.

If the experiment comes off and the cone is covered with light green, ferny foliage, turning yellow in autumn, it will be a remarkable feat of topiary-making.

Another garden with topiary that I saw recently is Hillbarn House, Great Bedwyn, Wiltshire. Here, it has all been made on site by the owner, A.J. Buchanan, who has become expert at all kinds of tree and shrub clipping and training. I have known this garden for some years and, each time I visit it, there are several new specimens.

As far as I am aware, Buchanan does not rely on frames for most of his training, but I suppose the occasional support is used to get a peacock's tail or a dog's legs into exactly the right position. It is the variety and originality that give special delight at Hillbarn – the topiary includes chairs, dogs, teddy bears, and a variety of abstract shapes.

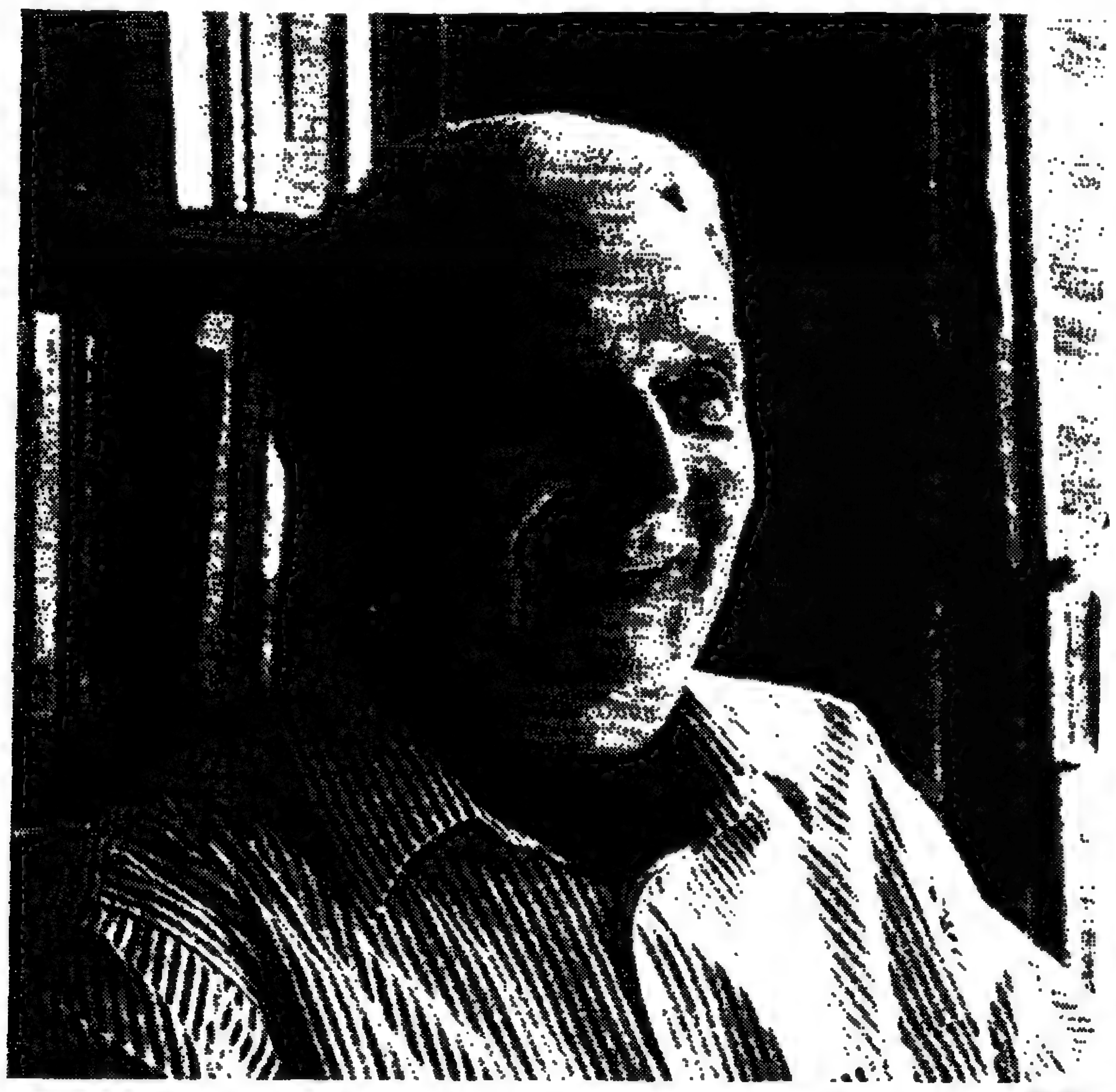
Some years ago, Buchanan told me he was expecting a visit from a Chinese friend and, in honour of him, had made the first cuts for a Chinese dragon, This has now grown into a formidable monster. And he has a pair of poodles. They started life as a single dog, but it looked lonely so he gave it a mate.

On my last visit, I found two teddy bears that were even more amusing. Each apparently was sitting in the middle of a large garden seat. When I examined them to discover how this illusion had been created, I found that each bear, cut in box, had been planted in a container of just the right height to bring it level with the seat, and that a hole had been cut in the seat to fit the container exactly. One of the bears was wearing a red bow tie. Humour is much in evidence in this garden, and so is good design.

BOOKS

Misfit with an eye for human weakness

J.L. Carr did not start writing until he was 51. Now 80, he has just produced his eighth novel — and published it himself. ***Gary Mead reports***



Gary Mead

James Lloyd Carr . . . he has always tried to please himself first and hope others would be pleased, too

A FORMER *Guardian* fiction prize-winner (in 1980, for *A Month in the Country*) and twice short-listed for the Booker prize (for the same novel and for *The Battle of Pollocks Crossing*), J.L. Carr has solved the problem of dealing with publishers. Trust your own judgment, ditch them – and publish your own work. Carr's publishing enterprise, the Quince Tree Press, has been going since the early 1960s. Now, Carr has brought out his eighth novel, *Harpole and Foxberrow*, in the form he calls "half-hardback." It is printed with love and care, with beautiful woodcut illustrations on high-quality paper and at an affordable price – features which, he feels, most other publishers are unable to do or are not interested in producing. It is another very funny, bitter and nostalgic novel. If there can be a successor to Evelyn Waugh, with a liberal dose of J.R. Ackerley, Carr might be it.

He is now 80. Averaging one novel a decade might seem slow work. On the other hand, his first – *A Day in Summer* – was published in 1963 when he was already 51. He spent most of his adult working life as a primary school teacher, living for the past 40 years in the same house in Kettering, Northamptonshire. He took early retirement in 1967 to see, as he puts it, "whether I could make a living out of writing." He could; just about.

His novels have acquired a cultish following but have never quite broken the barrier into wider reader awareness; that is a castigation of general taste rather than a condemnation of the writing. Carr has some staunch admirers. The former education secretary, Kenneth Baker, adores *The Harpole Report* (1972), an hilarious novel in journal and letter form about a new school headmaster whose staff and children all seem in conspiracy against him.

Carr also has had some extra-literary acclaim. *A Month in the Country* was turned into a successful feature film, and *A Day in Summer* into a television film. And a version of Carr's previous novel – *What Hettie Did* (1988), featuring a precocious 18-year-old schoolgirl who reveres Robert Browning – was first broadcast by the BBC in 1989. But he has some well-known detractors. One leading British sports journalist, Brian Glanville, was quoted in the *Sunday Times* in 1988 as saying: "I find all of Carr's writing monumentally arid." In particular, Glanville reviled Carr's 1975 novel, *How Steeple Sinderby Wanderers Won the F.A. Cup*, a mock-epic depiction of a village football team's rise to the top. Even Glanville has his aberrations.

His successes have not, however, taken Carr into the kind of general public awareness enjoyed by, for instance, Margaret Drabble or Kingsley Amis. Part of the explanation is that Carr's writing is a literary misfit. His novels defy simple classification. They do not move in a single direction. Often, they are comic. But they also probe human weakness with a singularly mordant eye.

Carr's start in life (failing the 11-plus examination twice, Victorian working class parents who left school at 12) was not auspicious. But they paid nine guineas a year to send him to Castleford secondary school. "It was run quite anarchically – no caning, prizes or prefects; it suited me perfectly," says Carr. There, he discovered a love of reading, particularly Conrad and Browning. Carr took to teaching as a way to earn a secure living. But he always had a conscious determination to break his career eventually and do something else. Before retiring, he had dipped a toe into publishing. "1964 was the 100th anniversary of John Clare's death. I was honorary editor of a teachers' magazine, and I thought it would be a nice idea to put a 16-page selection of his poetry in the magazine as a free gift." It was successful.

When he was 55, he "asked for two years of unpaid leave of absence to do research. No one asked me 'what research?' But it was just to see if I could make a living without teaching." With

HARPOLE AND FOXBERROW, GENERAL PUBLISHERS
by J.L. Carr
Quince Tree Press (27 Mill Dale Road, Kettering) £4.95 157 pages

£1,600 saved, he started a small publishing house. It grew to a 100-strong selection of chapbooks, retailing for about 50p each, on a wide range of topics and poets. The *Dictionary of English Cricketers* is "a big seller; it will carry on long after I've gone." That basis, plus some income from his already-published novels, enabled him to take a cautious leap into the unknown and publish *What Hettie Did*.

But why turn away from large, established publishers? Scruples, taste, and not wishing to cheat readers. Somewhat old-fashioned virtues, rather like his novels. Carr showed me a couple of early paperback versions of those. One, *The Harpole Report*, has a front cover showing a scantily-clad woman draped across a flustered-looking male teacher wearing academic gown and mortarboard. A front cover more remote from the book's contents could hardly be imagined. Publishers have "got it into their head that blood and sex are what sells," says Carr.

In his writing, Carr always has tried to please himself first and hope that others would be pleased, too. With *What Hettie Did*, he wrote from the point of view of a schoolgirl, just for the challenge of seeing if he could do it. "When I was a boy, one of my favourite occupations was walking along the tops of fences. Fear of falling off always had a certain charm for me.

"What kept me writing books was trying to do something difficult. For instance, writing as an 18-year-old intellectual girl – would it be possible for an old man? Of course, you stack the cards in your favour, you couldn't write about a moron who listened to Radio 2 all day long . . ."

In *Harpole and Foxberrow*, two characters from *The Harpole Report* re-appear and take over a small, unsuccessful publisher. One of their authors, Edwin Shutlanger, a schoolteacher, re-writes the Bible in contemporary mores, is interviewed on television, and becomes an overnight hit. A backlash sets in against him and he is sacked for the turmoil he causes. Unperturbed, Shutlanger opens his own school, promising: "New educational theories unwelcome." He is inundated with applicants but turns down anyone he decides is a "consumer" rather than a "person." Harpole asks how he will tell the difference. "Simple! If he whines for what everyone else has, he's a consumer. If he insists on something different, he's a person."

J.L. Carr is a person – definitely not a writer of consumer goods.

The Germans who opposed Hitler

Zara Steiner *reviews two books about internal resistance to the Nazis and why it came to nothing*

KLEMENS von Klemperer has produced a superbly-researched study of the attempts of the German resistance to find allies abroad before and during the Second World War. It is the product of prodigious work in the archives of many nations, and of interviews with the families and contacts of the main protagonists.

The focus is very much on the conservative opposition to Hitler: men such as Goerdeler, von Moltke, von Trott, Bonhoeffer and other resistors in the army, foreign office and churches. Little is said about the workers' resistance or the "resistance in exile" except where the paths of the conservatives crossed these other opponents of the regime.

It is a book which fully deserves a place alongside Peter Hoffman's still-important *The History of the German Resistance 1933-1945* (1979). As the respected historian of German pre-war conservatism, the author brings to his task a deep understanding of the courage and vision, but also the weaknesses and limitations, of the conservative *Widerstand* – a term that carries a very special meaning within the German context. Von Klemperer's feelings about the failure of the Allies to respond to the appeals of the resistance give this book its central thesis, but does so without compromising its historical purpose.

There was no unified or mass resistance movement in Germany. The burden of opposition fell on individuals, men and women relying on their consciences, reinforced through friendships and contacts with other like-minded people. The patriotic rebels carried a difficult inheritance. Most, especially those of the older generation, were shaped by the ideas of their country's Bismarckian and imperial past. Few had been supporters of Weimar and many had shared Hitler's expansionist goals.

No British government could have accepted the hegemonial claims of this older opposition generation, but even the younger activists took time to free themselves of older ideas and assumptions. It was only in 1943 that Adam von Trott – whose anti-Nazi role von Klemperer fully and convincingly vindicates in a most balanced assessment of this key figure's controversial wartime career – began to retreat on the question of Germany's territorial claims in the east.

It is a tribute to the author's professionalism that he never waivers from his intention to

GERMAN RESISTANCE AGAINST HITLER
by Klemens von Klemperer
Oxford £40, 587 pages

THE UNNECESSARY WAR
by Patricia Meehan
Sinclair-Stevenson £18.99, 441 pages

explain what happened and not what should have happened. This is a study in failure. The resistors, many in positions of considerable influence, could not stiffen the British back before the war. Their attempts, during the "phoney war," to arrange the conditions for a coup and the terms of a post-Nazi territorial settlement came to naught. Their ceaseless efforts to press their case for Allied recognition of the "other Germany" ended in the unsuccessful attempt on Hitler's life in 1944, a desperate move intended to show that the resistors could take decisive steps.

One can praise this book highly without agreeing with its conclusions. Much of the writer's material shows why the British and Americans were chary about collaborating with representatives of the German opposition. The ambiguities in their positions, the absence of coherent plans and, above all, the lack of mass support would have precluded any deal even if the conspirators had found more persuasive Allied backers.

This study does not prove that the resistors, with some exceptions, really grasped what had happened in Germany. Even Goerdeler's 1944 paper pointing to "a union of all European national states" shows the degree to which the pre-war conditioning of the old elites persisted. The responsibility of the western powers for the war can hardly be compared, *pace* Alan Taylor, with the "unscrupulous policies" of the German dictatorship.

Von Klemperer feels that "unconditional surrender" was a catastrophic war aim and that the Allies' policy of "absolute silence" was not only a personal disaster for the resistors but a costly error of judgment that prolonged the conflict. Would stronger Allied support have facilitated a coup before July 1944 and shortened the war? Any answer must be based on conjecture, but the possibility of success was not high and the kind of Germany that might have emerged if the war had not been pursued raises uncomfortable questions.

Patricia Meeham's account should have complemented von Klemperer's study. She has used UK cabinet and Foreign Office papers to condemn the indifference of the British authorities in the face of the efforts of the anti-Nazi opposition. Even allowing for the more general audience for which this book was written, it cannot compare with the von Klemperer volume, either in coverage or in depth of insight.

Meeham pays little attention to the reasons why there might have been honest doubts in London about the German opposition. She uses too broad a brush-stroke in painting the Whitehall scene, ignoring the divisions in the cabinet after Godesberg and Prague.

Such qualifications do not apply to the last chapter of this book and the post-war Foreign Office attempt to bury the role of the German opposition. There is no defence for the individual and institutional attempt to discredit the few who should have been honoured. Even the usually magnanimous von Klemperer singles out Vansittart for the sharpest condemnation. What can be said to justify Wheeler-Bennett's comment on the consequences of the July plot: "The Gestapo and the SS have done us an appreciable service in removing a selection of those who would undoubtedly have posed as 'good Germans' after the war . . ?" No one will doubt, after reading these two books, that the Foreign Office's effort to suppress the truth has failed totally.

Big wheels in a flat spin

SNAP question: What do you know about David Dunbar Buick? Not a great deal? You didn't know that he perfected a process for enamelling cast-iron bathtubs that broke a German monopoly? Or that, by the turn of the century, this ingenious tinkerer had become fascinated by the internal combustion engine? Produced his first car in 1904, and called it a Buick? Sold out to General Motors? Speculated in oil? Ran out of luck? Died penniless in 1929?

Do not worry. You cannot know everything. But perhaps

BIOGRAPHY OF A BUICK
by Bill Morris
Granta Books £8.99, 337 pages

you like fiction? A well-researched read? Pacily-pitched action? Snip-snappy dialogue? Enthusiastic sex?

Then journey not on your holiday without picking up *Biography of a Buick*, a volume full of zest and zing that can serve as a blessed counterweight to the posh literary novels that we all pick up in airports and profoundly wish we hadn't.

Author Bill Morris is a columnist on the *Greensboro News and Record*. He is also a Buick fanatic. He bought his first Buick in 1975. Parts of her survive in a made-up 1954 Buick Special, the colour of lipstick and anthracite, that he loves with great joy.

This is not an industrial novel. Instead, it concentrates on goings-on within the Buick division of General Motors in the single year of 1954. What a year that was. Inflation was low and employment high. Everyone was making money. Marilyn married Di Maggio. A small hamburger joint was franchised by the McDonald twins. Jack Kerouac was writing a book about a car ride. A white boy was starting to sing like a black man. Ike and Mamie were in the White House. And there was something called the H-bomb materialising from the folds of space-time to strike a horror note.

It was also the year that Buick production in Detroit hit 500,000 cars a year. In the design department at GM, however, something was badly wrong. The bumper of the new, rival Plymouth was a virtual replica of the Buick Century's. Somehow, Plymouth had pirated Buick's design work. Was there a traitor in the camp?

In Detroit in 1954, the rapaciousness of cutting-edge capitalism was rampant. Cars were sexy. Money was sexy. Sex was sexy. Everyone was grabbing some.

With enviable skill and energy, Bill Morris shows us what it was like on the inside of the automobile industry in its raunchiest era.

But the success of his novel lies equally in its numerous sub-plots and his marshalling of an exotic parade of characters from way beyond Detroit. A good example is Elvis – "shifty-eyed and suspicious. White trash all the way...bad skin, bad diet, loud clothes, wild hair, good manners masking inferiority and resentment." What do you play? Elvis is asked. "A little git-tar. Mostly I sing." Whom do you sound like? "I don't sound like anyone you ever heard before."

If you have felt, this August, like giving the Booker crowd a shove – Bloomsbury, too: all those boring, dead folk – you could do far worse than *Biography of a Buick*.

Michael Thompson-Noel

A Georgian man of letters

Anthony Curtis *reads a new biography of Robert Bridges*

LARKIN gave Bridges five entries in *The Oxford Book of Twentieth Century English Verse* and that seems about right compared (say) with Yeats's 20. "A Passery-By" and "April 1885" show Bridges at his solemnly rhetorical best; the much anthologised "London Snow" reveals his skill at delineating landscape and in matching sound to sense; and "Poor Poll" his humorous virtuosity with the long syllabic line, incorporating sentences in Latin, Greek, German, Italian and French into its texture.

Then Larkin ends with "Ethick," part of the final section of *The Testament of Beauty* containing Bridges' thoughts on prayer. That poem in four parts – an extended paean as much to Reason as to Beauty, published in 1929 – was Bridges' swan-song. By then, he was a vigorous 85-year-old poet laureate, awarded the OM by King George V to whom the *Testament* is dedicated.

Its sales took the Clarendon Press at Oxford by surprise. They originally printed around 2,000 copies, but 19,000 had been sold by January 1930 and it went through edition after edition until the mid-1940s. It went out of fashion as Eliot's *Four Quartets*, a similar kind of poem, came in.

The face Bridges presents to us in his work, and in the photographs contained in this biography, is that of a Georgian man of letters par excellence. He belonged to the last generation of poets before modernism took over and subversion of the social order through literary work became the norm. In Bridges, we have a supreme example of the writer, not as any kind of rebel, but as a respectable member of society helping to prop up its foundations.

Bridges combined this with deep concern for the purity of the English tongue and a zeal to reform our language's illogical spelling. That campaign, which involved the Oxford Press trotting out several new typographical symbols in order to print his Society for Pure English pamphlets in his private alphabet, came to nought.

Ezra Pound, who was a contemporary, admired one or two of Bridges' lyrics. The two men met and Bridges – of whose charm of manner Catherine Philips gives examples – went through Pound's *Personae and Exultations* helpfully, commenting on the style.

Afterwards, though, Pound could not resist putting in the boot. "I spose," he wrote in a note to T.S. Eliot, "I can cite what I once said of Britches? I managed to dig about 10 lines of Worse Libre out of one of his leetle bookies."

It is characteristic Poundage: highly amusing and grossly

ROBERT BRIDGES: A BIOGRAPHY
by Catherine Phillips
Oxford £25, 363 pages

unfair. Bridges was not a particular champion of *vers libre* and his "leetle bookies" are full of examples of a consummate use of rhyme and other meticulously executed metrical forms. As a poet, Bridges was not in the least complacent; he experimented continually, at one stage taking classical prosody as his model.

Beginning in 1912, Bridges' reign as poet laureate was long and prestigious, but he has had bad luck since. He is remembered by the literary world not as a poet in his own right but as the friend and literary executor of Hopkins, especially as the individual responsible for preventing Hopkins' work from seeing the light of day fully until the end of the First World War.

Many years after Hopkins' death, Bridges wrote to Hopkins' mother and explained that it was because he himself was trying to write poems in sprung rhythm that he did not wish the poetry-reading public to have – for the present, at any rate – the confusing example of Hopkins' eccentric use of it.

Was Bridges merely being self-seeking in this most controversial decision of his life? Bridges' latest biographer has a foot in both camps, being also the editor of the Oxford Authors' edition of Hopkins and of his selected letters. Phillips suggests, somewhat tentatively, that it was more a case of Bridges being naive and perhaps a little arrogant than of anything else.

Bridges admired the work of his old Oxford contemporary and friend but, having rescued it from the Jesuits, did not see just what a poetic bombshell he was sitting on. It was only after the great success of Bridges' wartime anthology *The Spirit of Man* (1916) – a fascinating insight into Bridges' eclectic taste in literature and philosophy, in which he published some of Hopkins' poems alongside Rimbaud's – that he felt the time was ripe for an edition of them.

Phillips does not allow the relations with Hopkins to take up a disproportionate share of this carefully written life. She traces Bridges' early years – after his education at Eton and Oxford – as a doctor, including a spell in the casualty department at a top London hospital. There followed his happy marriage to Monica, daughter of Alfred Waterhouse, the architect.

Bridges met his wife through

Bridges . . . scholarly

living on Waterhouse's estate at Yattendon, near Newbury. After that came Bridges' decision to give up medicine and become a full-time poet and essayist. Like Maugham's similar decision, it eventually paid off.

When Waterhouse died, the couple used some of their inheritance to build a permanent home they called Chilswell on Boar's Hill. Once they were established there (surviving a disastrous fire), Oxford welcomed Bridges back into the academic and musical fold with honorary fellowships, recitals and dining rights. Bridges' early friendships with late Victorians like Henry Newbolt, Digby Mackworth Dolben and Canon Richard Watson Dixon are balanced at the other end of the scale by his exchanges with Bloomsberries like E.M. Forster and Clive Bell.

Let us leave him entertaining Virginia Woolf, Aldous Huxley and Ottoline Morrell on Boar's Hill. Woolf writes that Bridges "sprang from a rhododendron bush, a very lean tall old man with a curly grey hat and a reddish ravaged face, smoky fierce eyes, with a hazy look in them; very active, rather hoarse, talking incessantly." This book serves him well in the quiet, painstaking, scholarly way he would, surely, have appreciated.

Shakespeare's revenge

ANYONE thinking that "Hawks and Handsaws" is an abstruse coinage belonging to the *Weekend FT* please refer to *Hamlet* II/ii for the line: "I am but mad north-north-west; when the wind is southerly, I know a hawk from a handsaw." Then try the commentaries on this "pregnant quibble" of Hamlet's. Some say Hamlet is talking fowl: for handsaw read "hernshaw," which means a heron. Others say Hamlet is talking tools, in which case a hawk is deemed to be a plasterer's mortar board. Either way, Hamlet is reckoned to be warning his hearers (Rosencrantz and Guildenstern) that he knows what is what.

Glossing Hamlet's expression like this assumes that he is making sense. The commentators are reluctant to take it as a splinter of gibberish in such a monumental play. But now, Felix Pryor has come up with a new and more sophisticated reading, which goes like this.

Just across the river Thames from Shakespeare's Globe, there was a theatre in the cathedral precincts of St Paul's. A troupe of child actors performed there, known as the Paul's Boys. One of the playwrights attached to the juvenile company was John Marston, best known (if at all) for his tragi-comedy *The Malcontent*. Marston specialised in fabricating lurid language and – appropriately – puerile innuendoes. He produced some spoofs of Shakespeare for his lads: the Bard responded with his own send-ups of Marston's grotesque diction and the ham acting of the Paul's Boys.

Hence the hawk: Shakespeare's own emblem. And the handsaw? Possibly a sneer at the zig-zig motif on Marston's coat of arms or, more likely, a jibe at the ludicrous sawing gestures made by boy actors unsure what to do with their hands on stage. North-north-west? Well: from the site of the Globe, St Paul's is (you've guessed) due NNW . . .

As an exercise in ingenious glossary, I like this. We know about these erstwhile choirboys at St Paul's: Ben Jonson described them as "rascally tits." They may well be the baby hawks ("little eyases") who come to play at *Hamlet*'s Elsinore. There may be more satire of Marston in Hamlet: the trouble is that Shakespeare out-Marstons Marston so adroitly that we struggle to

THE MIRROR AND THE GLOBE
by Felix Pryor
Handsaw £38, 253 pages

recognise the force such satire might once have had.

Pryor's investigation explores the many possibilities. If there is a fault to his speculations, it is that he makes Shakespeare take the rivalry too seriously. Certainly, this book does nothing to raise one's opinion of Marston.He was hardly a rival of Shakespeare: more a bothersome gnat. Marston's subsequent obsession with *Hamlet* is not explored by Pryor. Mediocrity is allowed to drift wittingly into oblivion. So, the Bard is performed in Azerbaijani and Marston remains for literary specialists.

Books of this sort are always vulnerable to the scepticism of scholars and the indifference of a wider reading public. But this is an engaging example of its genre, reflecting nicely the contest between poets and poetasters for domination of the late Elizabethan theatres. It deserves to be priced more attractively.

Nigel Spivey

kness

Gary Mead reports

kespeare's evenge

Fiction

Visions of decay

IF YOU have a vision of a United States that is sinking into an underworld of murder, drug-peddling and corruption from which it has only half-risen, here are three texts to confirm your worst fears. Taken together, they would do nicely as initial set works for a first-year course on the underclass. Just keep them out of Eng. Lit.

Richard Price's *Clockers* takes us into the crumbling tenements of what might be Jersey City, just across from Manhattan. Price is a top screenwriter (*The Colour of Money*, *Sea of Love*) whose ability to move and hustle culminated in the pre-publication sale of the rights to *Clockers* for a reported £1.9m. The book is too long, but there is little difficulty in following his cinematic dialogue, once you have mastered the idiom. The title is the word for the doomed children who retail drugs; another street word, one that should be more widely used, is "dis", meaning disrespect.

The central characters in *Clockers* are preoccupied with a need to protect themselves against dis. Rodney, the Champ's middleman, has survived by being both merciless and cunning. He is a well-drawn personality, not easily forgettable. He will murder if he believes someone is dissing him.

Strike, the anguished youth who once nearly won a scholarship and a passport out, is the corporal who works one of Rodney's street sites. Price enlists your sympathies on behalf of Strike, but he does it without preaching. Strike's every thought is recorded; his moves are those of a wild animal, trapped in the slums, unable to use his moderate talents in a respectable manner. Rocco, the middle-aged cop who gets it all wrong until the denouement, longs for the world's approbation.

Clockers has merit as an eyewitness account of a great social tragedy. You could twist its substance into a metaphor

CLOCKERS
by Richard Price
Bloomsbury £15.99, 599 pages

SAINT MUDD
by Steve Thayer
Viking £14.99, 383 pages

A RED DEATH
by Walter Mosley
Serpent's Tail £7.99, 284 pages

for the hard core of corporate America. As a thriller, it is *almost* gripping. It should make a lucrative screenplay. What it is not is a great novel. Too many characters drift in and out to no apparent purpose. There are too many set-pieces, clearly contrived. The obvious comparison is with *Bonfire of the Vanities*, which told a not unconnected story from the wealthy side of Manhattan. Tom Wolfe is an artist; Richard Price a flawed craftsman.

In *Saint Mudd* Steve Thayer sets out to do the same job on St Paul, Minnesota in the 1930s. He tells us it was gangster city, its corruption exposed by a brave newspaper columnist and an eventually courageous editor.

Like Richard Price, who haunted the streets he describes, and Walter Mosley, who has plainly done his time in the archives, Thayer did much research for this book. He even offers a set of historical notes at the end, including the date of the death of the great madam, Nina Clifford, who ran St Paul's most prominent brothel. You get the feeling that it is all pretty accurate, without being overwhelmed by its verisimilitude.

A more cleverly crafted insight into life outside the American dream is *A Red Death*, which is without pretension, short, and wholly satisfactory. It is set in and around Watts county, the notorious part of Los Angeles. Walter Mosley's first crime novel, *Devil in a Blue Dress* (recently re-issued by Pan), was set in *the Watts of the late 1940s; this* one takes the hero, Easy Rawlins, forward a few years.

Rawlins, who hides the fact that he is a small-time landlord, makes his way in the overtly segregated world of pre-civil rights America. He duels with the internal revenue service, the Los Angeles Police Department, and the FBI, but solves the mystery and outsmarts them all in the end. As a bonus you get a subliminal picture of how Watts must have been then for it to become like it is now. This is the best of the trio. If you buy any of them, get this one first.

Joe Rogaly

Doves and doom

WE KNOW that the central figure of *Dark Mirrors* is doomed from the opening line: "On the last night of his life, Guy Fallows dreamt of pigeons." The dream, in a mistral, involves a dovecote, and the stonemason who restored it about 40 years ago. The rest of the novel traces Fallows' involvement with that same *pigeonnier*, and reveals the events that lead to his death.

The author, Gustaf Sobin, has lived in Provence for the last 30 years, and has published one other novel, *Venus Blue*, and more than 30 volumes of poetry. *Dark Mirrors* is poetic in just the right degree: the precision of its prose, the unusual way the story is told, and the sparse details given about its central characters combine to suggest multiple layers of meaning.

There are parallels between the novel that Guy Fallows is writing about the *pigeonnier* and the reconstruction work carried out on it years before by Guido Stampelli. He had an obsessive affair with the woman who owned it, just as Fallows is involved in a differently obsessive erotic affair with the owner's daughter. One affair relies for its continuance on an unfinished dovecote, the other on an unfinished novel, "stone by stone, syllable by syllable."

DARK MIRRORS: A NOVEL OF PROVENCE
by Gustaf Sobin
Bloomsbury £14.99, 152 pages

THE SINS OF THE MOTHERS
by Frank Delaney
HarperCollins £14.99, 509 pages

There are many other resonances, but they never intrude on a thoroughly convincing story. It helps that Fallows is also concerned with everyday matters such as good meals, without which no Provençcal novel would be complete, teenagers, of whom he seems to have a remarkable understanding, and alcohol: his ex-wife died of it, and he is a heavy drinker himself. Add to this an authentic account of the local community, and Sobin's concise evocations of the scents and sights of the Luberon, and one has the perfect antidote to the ersatz Provence pedelled by Peter Mayle.

The Sins of the Mothers, set in provincial Ireland in 1925, tells the tale of the new schoolmistress, Ellen, an outsider from the city, and her marriage to the village schoolmaster, Thomas, a gunman hero of the "Troubles" and now a pillar of the community. The marriage gets off to a good start but is soon threatened by Ellen's inability to trust her own instincts in matters sexual, and her blind obedience to her Jesuit confessor. Neither is the local parish priest quite what he seems, and she has also to cope with uncertainties about Thomas's past.

This could have made an interesting short novel but the gold-embossed jacket and its 509 pages suggest that the publishers were aiming at a Bragg-Binchy blockbuster leading to a TV mini-series, and, sure enough, the proceedings are enlivened by a shooting, a hero in coma for months, and a near-miraculous recovery, thanks to the selfless devotion of his wife, Ellen.

Alannah Hopkin

Eastern conflict

THE ARAB novel in English, unlike that in French, is a rarity. This one by Ahdaf Soueif, an Egyptian who studied English literature in Cairo and Britain and lives in London, offers some intimate glimpses of Egyptian society and family life without the sometimes distorting mediation of translation. Set in Egypt and England, it makes constant reference to the ways in which the Arab world and the West perceive and misunderstand each other.

Over 800 pages, *In The Eye of the Sun* charts the growth to maturity of its heroine, Asya, from school and student days in Cairo in the late sixties and seventies, through six years in London and at an unspecified northern English university, where Asya studies for a grindingly dull PhD, towards a final homecoming. Punctuating the life of even Asya's privileged circle are the wars and coups which accompany the reality of political repression. Meanwhile, the narrative shifts to encompass family members, as well as poorer Cairenes, from 'Am Salih, a soft-drink kiosk-owner in Giza, to Sayyida, the family servant.

Despite these – sometimes moving, sometimes dutiful – gestures towards the social and political concerns characteristic of the Arabic fictional tradition, the heart of the novel lies in the relationship between Asya and a fellow-student, Saif.

IN THE EYE OF THE SUN
by Ahdaf Soueif
Bloomsbury £16.99, 791 pages

Its propulsion is the long-drawn-out disintegration of their marriage, which is exacerbated by Asya's own sense of cultural dislocation in England. Soueif depicts the stifling conservatism of even the most "liberal" families with regard to their daughters' freedom: Asya's 7pm "curfew" as a student in Cairo; her friend's suspension from college by her father for being seen walking in the street with a man.

The couple conforms with a protracted engagement during which Asya's virginity is scrupulously – and against her own inclination – preserved. It is this quelling of spontaneity and passion, in favour of the postponed "duties" of the marriage bed, to which Asya attributes her resistance to sex and the failure of her marriage, which remains unconsummated for its seven-year duration.

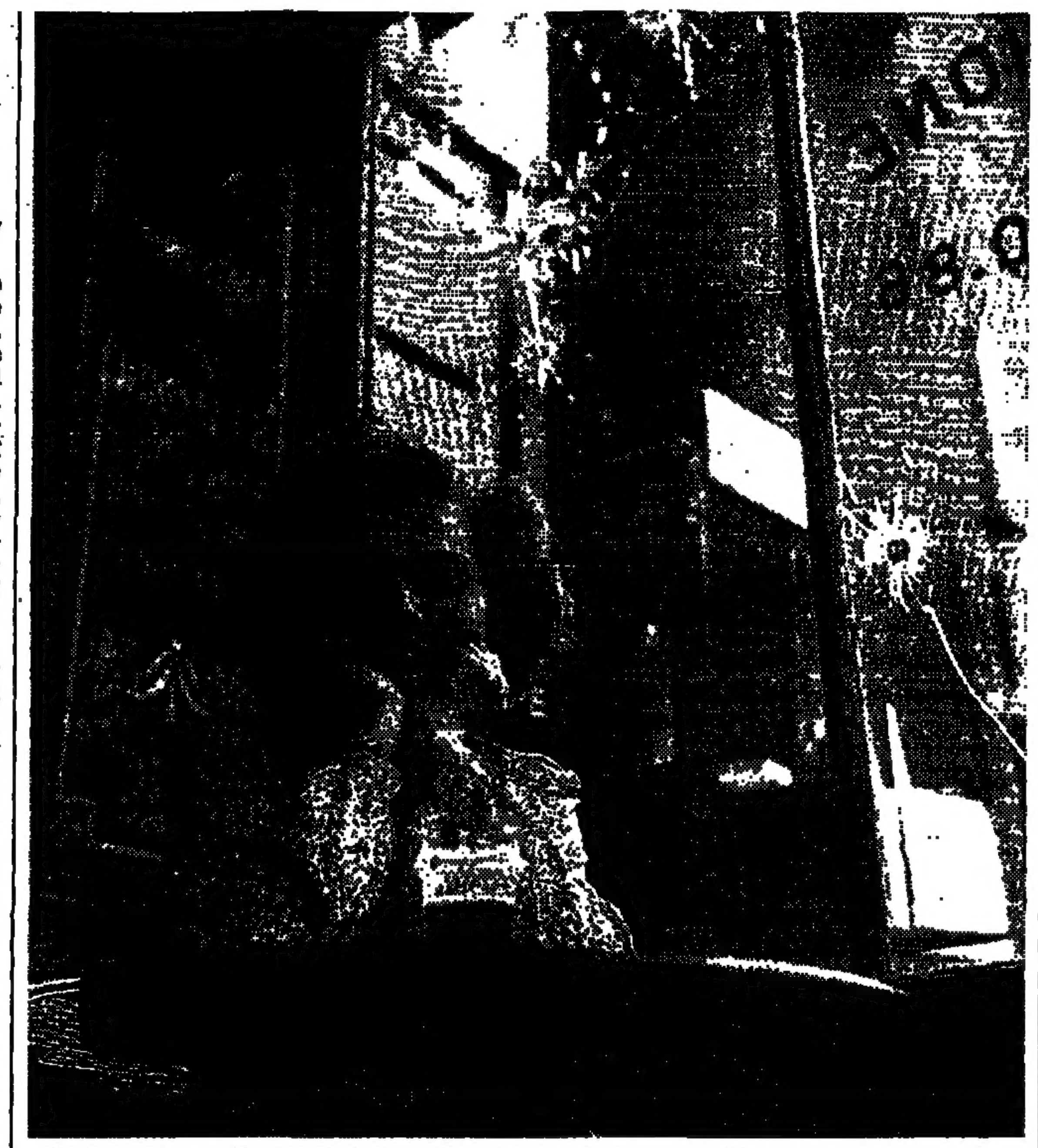
From Cairo and Alexandria, to the freedom of Italy and the loneliness of England, Asya wrestles with the vacuity of her marriage and her desire for other men. An affair with a ludicrously overbearing and self-pitying English student, Gerald, both "liberates" her sexually and precipitates the break with Saif.

With this in some ways conventional theme of feminist "awakening", Soueif joins other Arab women writers, including Nawal El Saadawi, Hanan al-Shaykh and Alifa Rifaat, in challenging the denial and circumscription of female sexuality. Saif, at first indulgent and affectionate, emerges as patronising and violently possessive. Tolerant of Asya's fears when he sees her as a virginal ingenue, he refuses to allow her to take the sexual initiative, leading Asya to view herself as trapped in the role of unresponsive statue.

While Asya's "infidelity" brings out Saif's patriarchal attitudes (to the extent of his beating and raping her), it is the knowledge that she initiated her affair that prompts him to leave. Like the fundamentalist student whom Asya briefly counsels in England, who thinks all women whores because they are capable of desiring men not their husbands, Saif can conceive of no woman who expresses desire who is not in his eyes indiscriminate and "abnormal" in her lusts.

Yet, for all its insights and the clarity of Soueif's prose, the novel is flawed by almost obsessive, extraneous detail and a rambling, repetitious plot, littered with false clues and lost threads. The initial promise of a broad political canvas seems forgotten until an epilogue revives some of the concerns of the novel's first 300 pages. This is a pity, since within this unsuccessfully integrated novel seem to be several more focused ones struggling for a deserved attention.

Maya Jaggi



A Parisian student after the city's liberation, photographed by Lee Miller

Model view of war

LEE MILLER is not the first photojournalist whose life was more interesting than her photojournalism. But then, given the Manonesque range of her lifestyles and liaisons, this leaves her work a certain amount of scope.

These words and pictures – and a London exhibition of the pictures – record Miller's brief but wholehearted calling as a war correspondent between 1944 and 1945. For a woman who had been a *Vogue* model and an intimate of some of the best-known figures in 1920s Paris, this was just another chapter in a life at the centre of events. But the events in question were the hottest photo-thing since solarisation – the Normandy invasion.

By 1944, when Miller managed to wangle accreditation to the US forces, she was no novice behind the camera. American-born, she had run her own studio in New York from 1932 to 1934, when she threw it all up to marry a well-born Egyptian tycoon and moved to Cairo. This did not last. The outbreak of German hostilities found her back in Paris and married to Roland Penrose.

On the day Hitler invaded Poland she and Penrose left France for London. There she covered the Blitz for *Vogue*, but as preparations for the Normandy landings got under way, she became determined to be part of the story.

The only woman combat photographer to trail the Allied armies across Europe, Miller's first assignment was in a US evacuation hospital behind Omaha Beach. From there she moved into the thick of the battle for St Malo (the town from which, ironically, she had fled France in 1939), covered the liberation of Paris, and went on to the Haute Savoie front line. She clicked and jotted her way across Germany, photographing the US-Soviet link-up on the Elbe and the grisly liberation of Buchenwald and Dachau, and finally busked her way into Hitler's private apartment in Munich. One of the more entertaining pictures is of Miller soaping herself in Hitler's bath.

Miller sensibly saw herself as

Lee Miller saw herself as recorder rather than artist

recorder rather than artist. "I'm busy making documents and not art," she snapped at a nervous German guide who suggested that Munich's destroyed Hofbrau Haus would not make an "interesting" picture. Her pictures and her despatches are descriptive, not probing. The Allies are the good guys, the "Krauts" are the bad, and her lack of sympathy for German civilian refugees and prisoners-of-war predates her appalled entry to the concentration camps.

Part of the pictures' appeal lies in their novelty, as unfamiliar images of much-photographed events. Many have not been published before and those that have were last seen in wartime *Vogue*. Indeed, the book had its genesis in a call from Condé Nast to editor Antony Penrose, Miller's son. They had these boxes of photographs. If he did not want them, they would be binned.

Miller, the human being, was not unobtrusive. Nor was Miller the photographer. Her subjects are always aware of the camera – one of the burdens of being a gorgeous war photographer, but you sense she liked it that way. The best pictures – as pictures – are her portraits, where photographer and photographed have *had time to get each other's* measure. These range from a gently composed Parisian law student in a bullet-riddled bistro, to the disarmingly direct mug shot of a brutally beaten Buchenwald guard.

Some of the most historically useful pictures are not military at all, but of her old and newly liberated Paris chums and connections, Picasso, Cocteau, Maurice Chevalier, Paul Eluard. The most disturbing are of those who did not enjoy the luxury of acquaintance – the dead. There is the arrested menace of an SS corpse beneath the surface of a canal, the still pathos of a hopeless suicide, daughter of the German burgomeister of Leipzig.

The pictures, though not the words, are on display at London's Institute of Contemporary Arts (ICA) until September 6. And here the circle closes. The ICA was founded by none other than Roland Penrose.

■ *Lee Miller's War* edited by Antony Penrose (Condé Nast Books £35, 280 pages).

Edward Russell-Walling

Radio/**B A Young**

The message of Mellor

IT WAS hard luck on Brian Hayes, presenter of *Radio 2's monthly* scrutiny of current affairs, *Hayes over Britain*, that the month's topic was *Newspapers*, for the previous week Radio 4 had embarked on a four-part series, *The Message and the Media*, on the same subject. Still, there was the David Mellor case to hang arguments on. Half an hour or so was given to a broad survey of the Press, comparing newspaper errors and newspaper ethics. Then the experts were called in, Clive Soley, MP, who is to present a Private Bill on the Press, and Stewart Steven, the new editor of the *Evening Standard*, *to instruct us – for the* programme is basically a phone-in.

Phone-ins in broadcasting theory give each individual listener the feeling that he or she might join in the broadcast if they wanted to.

The weakness lies in the questions, which are put by people interested but not informed in their subjects, so there were sundry personal complaints, and affirmations of private beliefs. Soley and Steven provided appropriate comfort, or on general questions agreed that there were wicked as well as good reporters, who should be sacked. A friendly programme, but I doubt if listeners came away with many new ideas about the Press.

Exactly where jazz belongs is hard to say. Not on the dance-floor, alas. Radio 3 has always given it some time, so has Radio 2, more acceptably to me, as Humphrey Lyttelton has much the same preferences as I have. Radio 3 regards jazz as intellectual, and its new eight-week series *Bright as Fire* (Tuesdays, repeated Thursdays) deals with Mike Westbrook as if he were a classical composer.

In the first programme, much of the music we heard represented Westbrook's musical influences – Ellington, Mulligan, Lyttelton – but what we heard of his own, two extracts from *Celebration*, hardly showed their effects; *indeed were hardly jazz at all* as I see it. Perhaps later on we shall hear more of what he wrote when he was younger, for college gigs and Ronnie Scott's, which should be less self-conscious.

What if..? (Radio 4, Tuesdays) envisages the results of possible events that might but did not happen. This week, the legalisation of cannabis was discussed by Griffith Edwards of the National Addiction Centre and Anthony Henman of the International Anti-Prohibition League.

Professor Edwards made the strongest point at once, that marketing and sponsorship would take over, pot would be advertised as cigarettes are. Henman suggested that in time pot would be used *less*, and in ways other than smoking. We then veered into talk of hard drugs, something presenter Christopher Andrew ought to have checked.

For half an hour on Saturday evenings (repeated on Mondays), Radio 1 gives *Songlines* – not about Australian aborigines but a modern equivalent of old-time music-hall. A bunch of entertainers over a studio audience give unrestrained comic song and comic chat in the intimate style of Collins's or the Metropolitan in the Edgware Road. Half an hour at a time is about right, and I enjoyed what I heard.

Stanza (Tuesdays, 11 pm) is like a Radio 4 *Songlines*, a group of poets under presenter Andrew McAllister reading poetry and talking informally about stuff such as sprung rhythm. I am afraid people who say that Sir John Gielgud reads Shakespeare in "a clapped-out elocutionary voice" are not for me.

For duty's sake, I have heard some of the Olympics on Radio 5, where commentators and athletes all know one another by their Christian names. I have to say that, much as I hope we (not *they*) will win gold medals, I find the personal ambition of the competitors distasteful, and the principles of what we used to call "sportsmanship" only modestly observed.

Screen

Fuller's law of film-making

Nigel Andrews meets a legendary American film director

IN PARIS there is an advanced college for education in narrative film. It is called Sam Fuller's flat and it is tucked away near Les Halles. The only degree you need to get in is a degree of nerve. The 80-year-old director barks discouragement over the phone and is not noticeably gentler when you arrive armed with a box of his favourite Romeo Y Julieta cigars.

Once there, though, you receive an earful about how films should be made: which is synonymous with how they used to be made in Fuller's day, the 1940s and 50s. America's most famous independent low-budget film-maker specialised in slam-bang classics like *The Steel Helmet*, *Run Of The Arrow* and *Shock Corridor*. Venerated today for their visceral power, they have given Fuller a passport to every film festival in the world; plus encomia like that in David Thomson's *Biographical Dictionary Of The Cinema*: "No other American director has described American experience with such unremitting and participatory relish for its competitive corruption."

Though not always B-movies – many topped the bill – the films were made on a wing, a prayer and a tiny budget, usually in locations far from the studio's nannyish eye. For the 1955 *House Of Bamboo*, for example, the first big US movie shot in postwar Japan, Fuller used real bombs and bullets.

"Oh-h-h YES!" – Fuller's eyes take on a tigerish blaze when I quiz him about this. "In America, you unnerstand, you weren't allowed to use real explosives. But when I heard we could use them in Japan, A-A-A-HHH!" Fuller recounts the scene where his stars ran an explosion-dodging gauntlet. "I asked, what does the range have to be for them to be safe from shrapnel? I was told 65 yards, so we kept to that. More or less. But it was a dangerous run."

Daring was one of Fuller's gifts to cinema. The other, a product of his pre-movie apprenticeships as a crime reporter and wartime marine, was his ability to see through smoke screens of hypocrisy and attitudinising to the core of a dramatic action. A film like *Pickup On South Street* (1953) is still shocking today because there is no scrim of piety. Hero Richard Widmark is a petty crook who spits on patriotism and refuses to surrender an accidentally stolen Communist microfilm. But he sees right from wrong more clearly than the Establishment bigwigs who bear down on him, much as their real-life cousins bore down on Fuller.

"J. Edgar Hoover came to Fox when we were making *Pickup* and he said to Zanuck, 'Look, Darryl, we don't like this line where the hero says, Don't wave that goddam flag at me.' And Zanuck said, 'You're right' and he turned to me and said, 'Just have him say, Don't wave that flag.' And Hoover was furious. He said, 'You know I don't mean that Darryl. I don't want him to say *anything* unpatriotic about the American flag.' So Zanuck said, 'That's his character in the film. Sam wrote the story, he knows the people he put in it. Are you guys out to censor *character* now?'"

"Now" was the McCarthy era and they were. In the early 1950s film-makers with even faintly Leftward leanings were pushed off the payroll. Fuller survived because he was never identifiably either left-wing or right-wing. He was a non-denominational *enfant terrible* whose moral outlook even today has a terrifying simplicity.

Listen to his account of how he and fellow soldiers dealt with enemy confrontations in the war: you discern in embryo the no-nonsense ethics of Fuller's cinema. "In war you're not supposed to shoot a P.O.W., but we had a rule. If an enemy surrendered to us while he still had bullets in his gun, we took him in. But if he put his hands up after emptying his gun and killing your friends, we'd shoot him. Because, gee, isn't that cute? *He's* out of bullets and now he wants to make peace with *us*?"

Slap-in-the-face morality vitalises Fuller's films. The cinema's answer to primitive man, he shocks us into thinking again. Whom should we root for in *House Of Bamboo* – the patriotic CIA informer (Stack) or the ex-army rebel who makes his own moral code (Robert Ryan)? Or in *Pickup On South Street* – the crook or the government cabal? "In most movies," insists Fuller, "there's too much good guy/bad guy stuff. Doesn't interest me. Are you telling me the politician is more honest than the pickpocket? Or that the businessman who's cheating a little on his expenses is less crooked than the thief?

"We are so unimaginative that we have to have labels for everything. But when I was a crime reporter, what I learned was that the criminal has his own creed. Everything he does is right by the light of the life *he* has chosen. And only another criminal will understand that creed and code."

Likewise, it takes a special kind of sympathetic heretic to understand Fuller's inspired delinquencies of style: the soaring crane shots, the whirlwind montage sequences. No wonder today's gifted-loner directors like Wim Wenders or Aki Kaurismaki give Fuller guest roles in their movies. The walnut-faced veteran with the rasping voice has played cameos in *The American Friend*, *The State Of Things* and *La Vie De Boheme*.

Fuller thrived in an age when independent directors were true heroes. He did his own thing regardless of prevailing *caveats*, whether related to moral shibboleths or new screen systems. "When CinemaScope came in – 1953 with *The Robe* – the theatre owners got into a panic because they said there was no movement. With a screen that wide you can't move the camera too often. So they felt it was like watching a filmed play.

"But when we say 'movies', the movement isn't in the camera, it's in the *characters*. When two people lean towards each other to kiss, *that's* movement! You look at *Brief Encounter* – phenomenal! The violence there isn't John Wayne shooting up Indians in Monument Valley. It's the terrible flavour of guilt in two people being afraid to touch each other's hands."

For Fuller, cinema's elasticity of scope, encompassing the miniaturist and the majestic, makes it unique. "It's number one in the arts. Hundreds of thousands of years from now they'll still be making movies. They'll be showing them to more people and more planets. It's the universal language. If I want to show Goya in action, or *Liszt*, or General Patton, I will see it and hear it and dramatise it on film. It's the only art form in the world in which *all* arts and all life are up there on the screen."

■ There will be a tribute to Sam Fuller at this month's Edinburgh Festival.

Off the Wall

Parsimony paints a poor picture

Companies find collections raise more than spirits, writes ***Antony Thorncroft***

SLOWLY, oh so very slowly, companies are improving the quality of the art on their office walls. If they want any encouragement it is perhaps significant that some of the most successful British companies – Unilever, ICI, NatWest – have the best art collections, while connoisseurs among the banks, such as Flemings, with its Scottish art, have collections they regard as among their better investments.

But you can still visit boardrooms where the walls are covered with abject hunting prints, or even the portraits of former directors. It is inexcusable. Art can stimulate the work force; project a positive image for a company; provide patronage for British artists; and perhaps show a good investment. Some might even be tax deductible. There is no excuse, when companies invest many millions in a new HQ, for skimping on interior design.

The word is getting through. Pearl Assurance last month moved into a £100m HQ near Peterborough which is brimming with modern art. It asked the Contemporary Art Society to select most of it, and its £700,000 purchased over 120 pieces. The commission is the largest handled by the CAS, a charitable organisation which helps galleries and museums acquire contemporary art.

The CAS has worked for ICI, Unilever, Nat West, De Beers, and for Stuart Lipton, one of the few developers convinced that art improves the marketability of projects. At Pearl, there is a Michael Sandle sculpture in the courtyard and a tapestry by Joanna Buxton at the entrance. The paintings were the responsibility of the CAS. From its contacts it supplied works by new graduates – like Peter Doig, Zoe Benbow and Jenny Franklin – as well as established names like Maggi Hambling and John Keane. Many of the paintings are large and bold and are used to unify and individualise open plan offices. Artists and dealers are usually happy to sell to CAS at the keenest prices.

Pearl spent a derisory sum on art compared with the cost of the building. It raised almost £600,000 of its investment by selling the traditional furnishings of its old HQ in Holborn.

In the recessionary future, the CAS, and other corporate art advisers – like Coode-Adams Martin, Art for Offices and Unicorn – will be employed more on refurbishing than on on new projects. But the best new buildings are still those improved by artist and craftsman. Lipton's office block on London's Ludgate Hill is embellished with 40,000 hand made tiles by Rupert Spira; the new ITV HQ in Gray's Inn Road is enhanced with work by John Loker; and the National Power offices in Swindon have attractive floating sails in the atrium, created by Sue Ridge.

And the most expensive new building in the UK this century, the £450m British Library, will not look quite as austere as feared. The government, in an act of amazing parsimony, refused to provide its promised £500,000 for works of art to set off the piazza. Now the Foundation for Sport and the Arts has come up with £175,000 to enable Eduardo Paolozzi to complete his mammoth statue based on Blake's drawing of Newton.

* * *

At one level, the links between property developers and the arts have never been stronger. To attract potential tenants to view unlet office blocks, developers have held concerts, encouraged galleries or art schools to display paintings and sculptures and even, in the case of Imry Merchant, owners of Rose Court on the site of the Elizabethan theatre, held a performance of *The Merchant of Venice*.

Now, LMS, owners of Angel Square in Islington, have come up with the ultimate arts event. In September, Artangel, the avant-garde performance group, will take over the unlet block to perform "soundscapes" by Hans Peter Kush, who specialises in creating unique audio environments. Visitors, limited to groups of 80, will ascend in the lift through a multi-layered arts happening.

On each of the five floors they will be confronted by a different environment, ranging from a threatening dark space with flashing lights on floor one to a peaceful nautical atmosphere on floor five. On two nights, dancers will perform a fresh routine on each floor. Can the time be far off when an unlettable office block is permanently converted into a performing arts centre?

* * *

The Edinburgh Festival opens next week end, and the auguries are good. Advance ticket sales have brought in £800,000, down £100,000 on forecast. But, at a time when late bookings are the norm, the new Festival director, Brian MacMaster, is not too desperate.

The big surprise is that one of the events with vacant seats is the Pina Bausch dance troupe, making its first UK visit for 10 years. Most amazed by the unsold tickets is Pina Bausch herself who has not played to an empty seat in 15 years. She has volunteered to bring over a jet load of fans if bookings do not pick up.

The Fringe this year is the biggest ever, with over 1,100 different shows. One seems essential. Miles Kingston is offering a "Rough Guide to the Fringe" at which he will advise on how to react when heckled by comedians; what to do if you are the only person in the audience; and how to avoid audience participation.

* * *

Remember all that hoo-hah a month or so back about the death of the West End: shows closing; theatres dark; Angels *in extremis*? Well, as predicted, it was just a summer newspaper space filler. Attendances in June were actually racing ahead, up 7 per cent on last June, helping 1992 attendances rise 5 per cent, to date, over last year. Indeed, audiences are only 2 per cent down on the record levels of 1990.

Not that everything is bliss. The profusion of West End theatres, with three more – the Criterion, the Donmar, and the Savoy – set to re-open soon, means there is greater competition than ever for the custom of the 11m theatregoers each year. Impressarios are offering more and more cut price incentives to draw in punters, so postponing that wonderful day when they cover their production costs and start to make a profit.

But the real threat to the West End this summer comes not from the recession but from Camden and Westminster Councils, who have the theatres within their boundaries. Camden has extended daytime parking restrictions to 8.30pm and Westminster is planning the same. This makes theatre going much more troublesome for the 2m-odd who take their cars to a show.

* * *

Anyone disillusioned with the slide in equity prices, might be interested in a memorabilia sale at Knebworth House tomorrow. Among the lots on offer is "The Little Stockbroker" slot machine, which provided some diversion in the 1930s. Investing a penny (old coinage) can provide a remarkable return. If the spin turns up "textiles", you get five pennies back. "Sterling" delivers a copper bottomed sixpence. Even "coal" offers a fair gamble – a two penny dividend. But don't invest in trusts, bonds, or loans: they just swallow up your money.

Mobiles in Hélio Oiticica's Paris exhibition, conveying his sense of fun

Eden in downtown Paris

Alice Rawsthorn leaves her shoes behind and loses herself in her imagination in an urban adult playpen

THERE ARE few things that are quite so soothing as walking barefoot over fine, silver sand on a steamy summer day. But you usually expect to find the sand on a seaside beach, not in an art gallery in the bustling streets of central Paris.

One of the ground floor galleries at the Jeu de Paume in the Tuileries Gardens has been turned into a giant sandpit for the summer. The sandpit, otherwise known as Eden, is a replica of an installation created in 1969 by Hélio Oiticica, the Brazilian artist.

Oiticica saw Eden as a place where people would be tempted away from reality to lose themselves in their imagination. He built it as an adult playpen with brightly coloured tents and tepees pitched on the sand. There is even a wooden shelf where gallery goers can leave their shoes to walk inside. It is a masterstroke. The tactile experience of walking on the sand is such a shock to the senses that it makes you forget you are in an inner-urban art gallery and whisks you into Oiticica's world.

Oiticica was one of the leading lights in the Brazilian avant garde until his death, at the age of 43, in 1980. He was one of a group of artists working in Rio de Janiero during the 1960s and 1970s who were trying to define a Brazilian form of modernism.

He was was influenced by European artists, Mondrian and Malevitch in painting, and Godard in video and installation. But he also experimented with Brazilian themes, the collective ritual of feasting and the visual rhetoric of kitsch, which he parodied in his Tropicalia installations of caged parrots and gaudy carnival costumes.

At times the show verges on a hippy nostalgia trip back to groovy Rio good life, with Stockhausen and the Rolling Stones blaring out of the sound system. There is even a reconstruction of Cosmacoca, an installation where you lie on mattresses to watch slide projections of Luis Bunuel, the Spanish film maker, his face latticed with cocaine lines, to the strains of Jimi Hendrix.

The overwhelming impression is Oiticica's sense of fun. The sounds, the sandpit and carnival costumes, all evoke the theatricality of Rio street life. Even his formal work, the Spatial Relief mobiles and minimalist paintings, turn the gallery into a blaze of his favourite colours of white, yellow, orange and red – so much so that it comes as a surprise when you glance out of the Jeu de Paume windows to see the splendour of Paris, the Place de la Concorde and the Tuileries Gardens.

* * *

Michel Verjux, like Hélio Oiticica, is obsessed with trying to find a new artistic language for his era. There the similarity ends. The contrast between the gaudy gaiety of the Oiticica show at the Jeu de Paume and the cool restraint of Verjux's exhibition at the Musée de l'Art Moderne de la Ville de Paris could not be greater.

Verjux, a French artist in his early 40s, sees art as a means of communication and a forum for exploring the ideas of the linguistic theorists, Ferdinand de Saussure and Karl Budieresisher, who are so influential in contemporary French thought. His chosen medium is electric light. Verjux chose it partly because he sees it as a pure, irreducible form and partly because of the linguistic associations between *l'illumination*, the French word for light, with the power of art in communication and as a force for enlightenment.

He has taken over the whole top floor of the MAM for Au Milieu, his latest installation. It consists of 16 projectors throwing perfect circular pools of light onto the white walls. The circles are eerily beautiful. Their similarity in shape and size prompts you to peer closely at the colour contrasts in the white and at the blue rims around the edge.

Verjux's electric circles are also peculiarly appropriate to MAM itself. Electricity is a common theme in the work of the early 20th century artists in the MAM permanent collection, Robert Delaunay and Raoul Dufy, both of whom saw electric power as a force for progress. The circles also complement the Art Deco curves and geometrics of MAM's architecture and accentuate its nautical feel by evoking the portholes of 1930s luxury liners.

It is brave of a publicly funded arts institution to give over an entire floor to a single installation. But MAM, under Suzanne Pagé's directorship, has established itself as one of Paris's most imaginative museums. Au Milieu is at its best when the gallery is quiet. Go early in the morning before the crowds arrive.

* * *

Another publicly funded Paris arts institution is under scrutiny at L'Institut de l'Architecture. It is exhibiting the work of Dominique Perrault, the 39-year-old French architect who has been clouded by controversy over the giant glass towers he has designed for the new national French library, the Très Grand Bibiliothèque.

Perrault, like most of the new generation of French architects reared on an era of publicly sponsored competitions, has designed many more buildings than he has built. The exhibition offers a timely opportunity to trace the development of his ideas from his first building, the Someloir factory at Châteaudun, to the library itself.

Hélio Oiticica at the Jeu de Paume, Place de la Concorde until August 23. (Closed Monday) Michel Verjux at Musée de l'Art Moderne de la Ville de Paris, 11 Avenue du Président Wilson until October 4. (Closed Monday) Dominique Perrault at L'Institut de l'Architecture, 6 bis rue de Tournon, until September 27. (Closed Monday and Tuesday).

An Irish month in the country

BRIAN FRIEL adapted Turgenev's novel *Fathers and Sons* for the stage in 1987, and now turns his hand to the master's five-act classic. Although written in 1850, 10 years before Chekhov was born, *A Month in the Country* is, in essence, a Chekhovian drama, and its merits were not fully recognised until Stanislasky's production in 1909.

Friel's starting point was a literal translation especially commissioned from Christopher Heaney, and he has remained broadly faithful to the original, retaining its Russian setting and leisurely pace but rendering the text in Irish idiom and adding a few jokes.

The theatre-going world divides into those who thrive on five-act Chekhovian "comedies", and those who do not. I admit to being among the latter. I had hoped that Brian Friel might take a brisk approach to Turgenev. Instead, he displays the reverence of the true devotee, giving us too much Turgenev and not enough Friel.

The problem is the central drama of Natalya's infatuation with her young son's tutor, the penniless student, Aleksey. In her confusion at this sudden strong emotion, she alienates her long-standing admirer Rakitin, precipitates her ward, Vera, into a loveless marriage, and very nearly loses the devotion of her mild, ineffectual husband.

Friel has chosen to take Natalya very seriously indeed, while heightening the comedy of the other three couples' courtships. The result is a play that works brilliantly around the edges. But it lacks the ironic approach to the rather ridiculous Natalya which would make the central predicament sympathetic to the modern mind.

It must be said that, in spite of the rather grey set, the cast works so hard that a long evening's theatre holds hardly a dull moment. Catherine Byrne does her best to make the infuriating Natalya convincing, and Lorcan Cranitch plays her admirer Rakitin with suitable dignity. But it is the rest of the characters that supply the laughs or engage the emotions: Karen Ardiss's Vera, forced to grow up overnight and accept the proposal of the buffoon-like neighbour, Bolshintsov; J D Kellerher's energetic and boyish Aleksey; the engaging young Anoine Byrne as the servant Katya; and John Kavanagh as the lecherous German tutor whose every utterance is a malapropism.

But the great hit of the evening was Donal McCann's doctor – one minute, as he says himself, "the laughing, fawning, ingratiating Shpigelsky", the next "the bitter, angry, cunning peasant". Not only does he have all the best lines, he delivers them with exactly the right amount of brio.

It did not seem strange that the Russian cast were speaking with Irish accents, and using Irish idioms, but a perhaps unintended side effect was to highlight the similarities between the Russian and Irish peasantry. The result was that the audience immediately felt at home with the lower orders, making the play's minor characters more successful than its more serious central ones.

Alannah Hopkin

Plot saved from a pillow case

IT WAS Chesterton who called *Othello* the "Dangerous Pillow Case", criticising a plot which turned on a handkerchief. The danger with staging *Othello* lies in its tendency to slope away into farce. This is just avoided in a plucky production from The Court Theatre Company in London's King's Cross.

The Company was formed in 1980 and moved to its present venue in 1990. It is the professional wing of the Court Theatre Training Company; the cast includes recently graduated trainees making their professional debuts. The productions offer an opportunity to see new acting talent: work in progress and actors in progress.

This *Othello* is a case in point. Seeing actors at this moment of their careers can be highly instructive. Shakespearean verse is never easy and, throughout the evening, the cast grapples honestly to stay on terms with the sense and music in the language. Brabantio's "Who would be a father?" is a throwaway instead of the key to his character. And Othello's "Yet she must *die* lest she betray more *men*" misses the point – "Yet she *must* die lest she betray *more* men" catches the feeling better.

The play avoids props, usually a way of concentrating the action in a minimal setting. But inexperienced actors without props can lose their way. Here, Othello and Iago act the central scene "Ha, I like not that", which turns the play, over a set of battle plans; they looked more at home with something to do.

Props can be a guide to character. Trevor Nunn's superlative 1989 *Othello* (Willard White and Ian McKellan) at Stratford showed how intimate and nervy the play could be; the action was an imprint of Iago's mind. McKellan's brilliance was to find in Iago's "I am that I am" a man obsessed with order. An over-meticulous, precise Iago was forever adjusting, rearranging or deploying things.

This production (directed by June Abbott) takes Nunn's closet-studio route into the play: all gloomy interiors and whispered confidences. Abbot makes this more claustrophobic by hanging a low blue canopy and focusing the lights through it. Two performances emerge with great credit: David Bliss as Iago and Alison Williams as Emilia find subtleties and strengths in the verse, creating energy from what they do on stage. Gary Lawrence as Othello is convincing but needs to find calmer depths. Nicholas de Carlo, on his professional debut, turns in a good Cassio.

The delight of the evening is to find new actors tackling a classic. The performance is honest (as befits the play), serious, thoughtful and thought-provoking.

The Courtyard, King's Cross, until August 16 (071-833-0870).

Andrew St George

Chess No 935:
1 Kc2. If Ke4 2 Kd2 Kd4 3 Rf4. If Kd4 2 Re5 Kc4 3 Re4.

Solymosi recalls days of Nureyev

WHAT A lot of Capulets and Montagues there are in London.

At the Barbican, the RSC is doing Shakespeare's play, English National Ballet returns Ashton's ballet to the Royal Festival Hall next week, and tonight the Royal Ballet brings its Covent Garden season to a close with the last of a dozen performances of MacMillan's version. In the latter, there have been six pairs of star crossed lovers, with two Juliets and one Romeo making their debuts on Thursday.

For Altynai Asylmuratova, this was her second version of Juliet within seven weeks, for she was also dancing the Lavrovsky version with her native Kirov on that company's recent American tour; I saw her dance it in New York. In both, she is a stellar, picturesque heroine, unusually sweet and over-inclined to present the role as a string of shining photo-opportunities. Lavrovsky's and MacMillan's steps and interpretations are different but, to her, the differences are not significant.

No doubt she will relax further into the detailed verismo of MacMillan's version and perhaps she will come to grasp the fact that his Juliet should sweep the whole ballet along on the wave of her will.

Her Romeo, Zoltan Solymosi, gained more from the ballet, and this role is the high water mark of his period with the Royal. The liveliness of MacMillan's story telling and the dark brightness of Asylmuratova stirred him to a new ardour and intensity. At first, with Rosaline, this was Romeo as smoothie, an unusually practised young elegant – but, with Juliet and the many marketplace scenes, he became more exuberant and artless.

These were both very guest-star performances, sometimes reminiscent of the famous Fonteyn-Nureyev account of this ballet. Bonnie Moore's first Juliet on Thursday afternoon was a far less striking affair. She is slight, but her view of Juliet amounted to little more than a certain open-mouthed petulance. Also, like too many young Royal women, her dancing is not truly coordinated.

She was fortunate in the exemplary partnering and dancing of her Romeo, Bruce Sansom. No one today shows this role's difficult steps with such lucidity. His acting, too, is vivid.

Of the two conductors, Barry Wordsworth has provided competent and vivacious routine, but Philip Ellis, the first-rate young maestro from the Birmingham Royal Ballet, is something more. He shapes every incident with distinction. One hopes to hear him lead a full-length Tchaikovsky at Covent Garden before long.

Alastair Macaulay

Rimsky's rescue of Musorgsky

THURSDAY'S Prom at London's Royal Albert Hall interestingly, discreetly offered a northern view of music. Russian, Polish and Finnish works were played by an excellent northern orchestra, the BBC Scottish Symphony, under its principal conductor, the Pole Jerzy Maksymiuk. Musorgsky's *Night on the Bare Mountain* was given in its original 1867 version, as a tone-poem completely of Musorgsky's own composition; and one realised how much of Rimsky-Korsakov's own composition there is in his, the received version of the work.

Maksymiuk's reading was lively and sympathetic, but could not conceal a tameness about Musorgsky's piece, a dourness and artificial danciness. It is clearly not, unlike the spellbinding Rimsky recension, a masterpiece.

Rakhmaninov's quite rare fourth piano concerto (1927), a fine product of his later, brittler compositional period, was played with metallic brilliance and, on occasion, touching delicacy, by Nikolai Demidenko, making his debut at the Proms.

The concert ended with the Finn Sibelius's seventh symphony, and its modern element was the Pole, Witold Lutoslawski's *Livre pour orchestre*, a work of 1968. This assured performance brought back keen memories of the clear, hard-hitting dissonant sounds natural to those avant-garde days.

Lutoslawski has compared the conducting of his works to tending a garden. Maksymiuk was suitably green-fingered.

Paul Driver

The latest in this year's Proms series of BBC commissions – *Augury* for chorus and orchestra by the Russian-born, British-based Elena Firsova – made a cloudy impression at its premiere on Tuesday. The work is a slowish and somewhat meandering orchestral rhapsody which closes with a choral setting of Blake's "To see a World in a grain of sand"; the manner is late-Romantic, all-purpose poetic, a fusion of Delius and Mahler. Committed execution by the BBC Symphony Orchestra and Chorus under Andrew Davis could not disguise a vacuousness at the heart of the inspiration and invention.

Max Loppert

هكذا من الأصل

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Hallo Spencer.

7.55 Olympic Grandstand, Racing and Cricket. Olympics, including canoeing: The finals of the flat-water competition from the Castelldefels Canal; boxing: The first six finals. Harry Carpenter commentates; tennis: The men's singles final and the women's doubles final. Racing from Haydock Park: The 1.45 John Mallinson Stakes, 2.15 Coral Bookmakers Handicap Stakes, and the 2.45 Burtonwood Brewery Rose of Lancaster Stakes. Cricket: The Fifth Test between England and Pakistan from The Oval. Plus, a round-up of the day's sports news and results.

5.00 News.

5.10 Regional News and Sport.

5.15 Olympic Grandstand. Athletics: Including at 5.30 Women's high jump final. 5.55 Men's javelin final: Will Steve Backley become the first British man to win an Olympic field event since Lynn Davies in 1964? 6.00 Women's 4x100m final. 6.20 Men's 4x100m final: Linford Christie runs the last leg in the British team's quest for gold. 6.50 Women's 1,500m final. 7.15 Men's 1,500m final: British hopes rest on Matthew Yates making the final. 7.40 Men's 5,000 final. 8.15 Women's 4x400m final. 8.40 Men's 4x400m final: British hopes of gold are high after the team were victorious in the World Championships. Commentary by David Coleman and Stuart Storey. Times may vary and subsequent programmes may run late.

9.00 News and Sport; Weather.

9.20 Olympic Grandstand and Football. Including athletics action from Barcelona with Steve Backley in the javelin final, and the men's relay squad in the 4x400m final. Other highlights include hockey, football, the basketball final, gymnastics and handball. Plus, highlights of this afternoon's Charity Shield match between League Champions Leeds Utd and FA Cup-winners Liverpool.

12.00 Film: Tales of Terror. Vincent Price stars in three Edgar Allen Poe stories. Also starring Peter Lorre (1962).

1.25 Weather.

1.30 Close.

BBC2

6.40 Open University.

3.00 Film: Angels with Dirty Faces. Melodrama. Two men share the same background, but one becomes a gangster (James Cagney) while the other becomes a priest (Pat O'Brien) Also starring Humphrey Bogart (1938).

4.35 Cricket: Fifth Test. England v Pakistan. Action from the third day's play in the final Test at The Oval.

6.30 Personal Details. Do changing landscapes reflect the patterns of power in society at large? Professor Stuart Hall visits Styal, in Cheshire, to explain the technical and social changes which led to the building of Quarry Bank Cotton Mill, which is now a museum.

7.00 News and Sport; Weather.

7.15 Columbus and the Age of Discovery. The saga of the explorer's life continues. Did the world change because of the plants and animals he and his successors carried across the Atlantic?

8.05 Film: Hannah and Her Sisters. Director Woody Allen examines the relationships between a New York family who depend on the strength of the eldest sister Hannah (Mia Farrow). With Michael Caine, who won an Oscar for his supporting role, Dianne Wiest, Carrie Fisher, Lloyd Noland, Maureen O'Sullivan and Barbara Hershey (1985).

9.50 Video Diaries. A look at the world of ballet as seen through the eyes of Edel O'Brien, who accompanied nine teenage girls to Russia as their unpaid chaperone. The diary reveals the traumas and tribulations experienced by the girls during their first term at the Perm Ballet School, where Russian boys and chocolate, coupled with a total lack of organisation, seemed to dominate the proceedings.

10.55 Film: The Purple Rose of Cairo. Fantasy and reality blur for a downtrodden housewife when her cinema idol walks off the screen to declare his love. Starring Mia Farrow and Jeff Daniels (1984).

12.15 Cricket: Fifth Test. England v Pakistan. Highlights introduced by Richie Benaud.

12.50 Close.

LWT

6.00 TV-am. 9.25 Film: Double Switch. 11.10 The Smurfs. 11.30 The Mountain Bike Show. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News.

1.10 Cartoon Time.

1.30 Starting from Scratch.

2.00 Film: McCloud: Showdown at the End of the World. The urban cowboy (Dennis Weaver) sets out to crack a drugs ring (1972).

3.20 Matlock.

4.20 WCW Worldwide Wrestling. Grappling action.

5.00 ITN News; Weather.

5.05 LWT News and Weather.

5.15 Haggard. Tragedy turns to farce when a theatre performance is *attended by Squire Haggard.* Keith Barron stars.

5.45 Catchphrase.

6.15 The Upper Hand. Charlie and Caroline find themselves accidentally enjoying an intimate dinner for two. Comedy, starring Joe McGann and Diana Weston.

6.45 Film: Thunderball. The enemy crime syndicate SPECTRE, threaten to destroy Miami if they are not paid a ransom of £100 million. But James Bond (Sean Connery) charges to the rescue. Co-starring Claudine Auger and Adolfo Celi (1965).

9.05 Sam Saturday. In the last programme of the series, Sam investigates a spate of suspicious *workshop fires. Ivan Kaye stars as the Jewish detective, with Mark Warren and Douglas McFerran.*

10.05 ITN News; Weather.

10.20 LWT Weather.

10.25 Tarrant on TV. Chris Tarrant continues his quirky look at the world of television.

10.55 Phil Cool. Stand-up comedy, songs and sketches from the rubber-faced impressionist.

11.25 Spitting Back. Highlights of the best latex lampoonery from the last series.

11.55 Wolf.

12.55 The Big E; *ITN News Headlines.*

1.55 Music from the Bridge.

2.25 Get Stuffed; ITN News Headlines.

2.35 New Music.

3.35 Indy Car Racing.

4.35 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Out of Sight. 10.30 Australian Rules Football. 11.30 Quizbowl. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

1.00 Film: Between Two Worlds. Deceased people find themselves on board a luxury ship that will take them to heaven or hell. Starring John Garfield, Eleanor Parker and Sydney Greenstreet (1944).

3.05 Racing from Newmarket. Including the 3.15 Dickins Invitations Stakes (H'cap), 3.45 Sweet Solera Stakes, 4.15 Brierley Investment Handicap Stakes and 4.45 Fay. Richwhite Maiden Stakes.

5.05 Brookside.

6.30 Running High. Following Cum*brian schoolteacher Hugh* Symonds' quest to run up all 303 peaks in Britain and Ireland, some of which are 3,000ft high.

7.00 The World This Week. Ten years after the Mexican debt crisis, a look at how the small town of Zamora has fared since then and how the west's attitude to lending money has changed. Zdena Tomin, novelist and former Czech dissident, on whether politicians should sanction military intervention in the former Yugoslavia. Plus how the National Front is campaigning on the beaches of southern France for a 'No' vote in the forthcoming referendum on *the Maastricht treaty*

8.00 Kingdom of the Plains. The award-winning programme reveals the truth behind the dung beetle's lifestyle, with some remarkable underground photography.

9.00 The Magic Fiddle. Sir Yehudi Menuhin and Stéphane Grappelli explore myths surrounding the violin. The globe-trotting programme visits America and Europe, and hears how many viewed the fiddle as an instrument of evil.

10.30 Film: Last Year at Marienbad. Alain Resnais' award-winning film. A man (Giorgio Albertazzi) meets a woman (Delphine Seyrig) – but is she his previous lover or not? (1962).(English subtitles).

12.15 Twilight Zone.

1.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 9.25 In Search of the Castaways 11.15 Disney Cartoons. 1.05 Anglia News 1.10 The A-Team. 2.05 Chequered Flag. 2.35 Star of India. 5.05 Anglia News and Sport 11.55 Beauty and the Beast.

BORDER: 11.10 Cartoon Time 1.05 Border News. 1.10 1992 Masters Crown Green Bowling. 2.05 Matt Helm 3.30 1992 Masters Crown Green Bowling. 5.10 Border News 11.55 Rhinestone.

CENTRAL: 9.25 In Search of the Castaways. (1962) 11.15 Disney Cartoons 11.30 Zorro. 1.05 Central News 1.10 Chequered Flag 1.40 Cromwell. 5.10 Central News 11.55 The Appointment.

CHANNEL: 9.25 In Search of the Castaways (1962) 11.15 Disney Cartoons. 11.30 Blockbusters. 1.05 Diary Dates 1.10 Motorsport Special 1.50 Adventures in Ventana 3.20 The Captain's Table. 5.05 Channel News 5.10 Puffin's Pla(i)ce.

GRAMPIAN: 9.25 In Search of the Castaways (1962) 11.15 Disney Cartoons 1.05 Grampian Headlines 1.10 Chequered Flag 1.40 Sealll 2.10 Hannibal Brooks (1969) 4.00 Rock Sport 5.05 Grampian Headlines 5.10 Criomagan. 11.55 Rhinestone.

GRANADA: 9.25 In Search of the Castaways. (1962) 11.15 Disney Cartoons 11.30 This is America, Charlie Brown. 1.05 Granada News 1.10 1992 Masters Crown Green Bowling. 2.05 Matt Helm. (TVM 1975) 3.30 1992 Masters Crown Green Bowling. 5.05 Granada News 11.55 Rhinestone. (1984)

HTV: 9.25 In Search of the Castaways. (1962) 11.15 Disney Cartoons. 11.30 Zorro 1.05 HTV News. 1.10 1992 Mountain Bike World Cup. 2.10 Dogs with Dunbar. 2.40 Chequered Flag. 3.10 A French Mistress. (1960) 5.05 HTV News.

SCOTTISH: 9.25 In Search of the Castaways. (1962) 11.15 Disney Cartoons. 11.30 Dinosaurs. 1.05 Scotland Today. 1.10 Starting from Scratch. 1.40 Sealll 2.10 The Case of the Black Parrot. (1941) 3.15 John and Julie. (1955) 4.45 Scotsport Results. 5.05 Scotland Today 11.55 Norma Jean' Alias Marilyn Monroe.

TSW: 9.25 In Search of the Castaways 11.15 Disney Cartoons 11.30 The South West Week. 1.05 TSW News 1.10 This is America, Charlie Brown. 1.40 McCloud. 3.35 The Angel Who Pawned Her Harp. 5.05 TSW News. 5.10 Gus Honeybun's Magic Birthdays. 11.55 Rhinestone.

TVS: 9.25 In Search of the Castaways. 11.15 Cartoons. 11.30 Blockbusters. 1.05 TVS News. 1.10 Motorsport Special 1.50 Adventures in Ventana. 3.20 The Captain's Table. 5.05 TVS News.

TYNE TEES: 9.25 In Search of the Castaways. 11.15 Disney Cartoons. 11.30 Superman. 1.05 Regional News. 1.10 Soccer in the Seventies. 1.35 Chequered Flag. 2.05 Matt Helm. 3.30 1992 Masters Crown Green Bowling. 5.05 Northern Life. 11.55 Rhinestone.

YORKSHIRE: 9.25 In Search of the Castaways. (1962) 11.15 Disney Cartoons. 11.30 Superman. 1.05 Calendar News. 1.10 Golf. 2.10 The A-Team. 3.05 Up in Arms. (1944) 5.05 Calendar News. 11.55 When the Bough Breaks. (1986)

SUNDAY

BBC1

6.40 Open University. 7.55 Olympic Grandstand and Cricket.

12.00 Sign Extra: Who Really Killed Cock Robin?

12.30 CountryFile. Investigating claims by animal welfare campaigners that the public's huge appetite for chicken is leading to the mistreatment of poultry; **Weather for the Week Ahead.**

12.55 News.

1.00 High Chaparral.

2.00 EastEnders.

3.00 Eldorado.

3.30 Film: Columbo: Troubled Waters. The dishevelled detective's hopes of a relaxing vacation on a sun-drenched cruise end when the passenger list includes a murderer. With Peter Falk.

5.00 Olympic Grandstand. Action from the final evening of the 25th Games, concluding with the men's marathon: British hopes rest on Paul Davis-Hale, Steve Brace and Dave Long. David Coleman describes the closing ceremony as the Olympic flame is extinguished and the flag is lowered. Plus, reflections on the previous weeks' competitions – were British hopes rewarded? Subsequent programmes may run late.

10.00 News.

10.15 Heart of the Matter. The British Army is currently considering allowing women to fight in the frontline for the first time. Joan Bakewell asks: Should females be put in such positions of danger? She talks to US Major Rhonda Comum who fought in the Gulf War and who recently revealed that she was sexually assualted by Iraqi guards while a prioner of war.

10.50 Doogie Howser MD. New series. American comedy about a teenage medical genius.

11.15 Film: The Reivers. In 1905 Mississippi a hired help borrows the new family car for a trip into Memphis. Starring Steve McQueen, Sharon Farrell, Mitch *Vogel and Will Geer (1969).*

1.00 Weather.

1.05 Close.

BBC2

6.35 Open University. 9.05 Articles of Faith. 9.20 This is the Day. 9.55 Open University.

12.00 Olympic Grandstand and Cricket. Olympics, including equestrianism: The vital second round of the individual showjumping event from the Real Club de Polo. British competitors aim to end the 20-year gap since a Briton last won an individual gold medal in the sport. Plus, highlights from the boxing finals, and news of the medal-winners in the men's volleyball final. Cricket: England v Pakistan in the Fifth Test. After their six-wicket victory at Headingley, Graham Gooch's men have set the stage for this nail-biting final match. Ray Illingworth and Geoff Boycott commentate on the fourth day's play.

6.25 News.

6.40 Songs of Praise.

7.15 Life on Earth. The human race has had a greater impact on Earth than any other species, and its emergence has been relatively rapid. In the final programme of the series, David Attenborough investigates whether mankind is a miracle standing apart from the rest of creation or just another part of the evolutionary process.

8.10 Intensive Care. Drama, written by and starring Alan Bennett, shown as part of a retrospective season of the playwright's work. Also starring Julie Walters, Thora Hird, Elizabeth Spriggs, Jim Broadbent and Joan Sanderson.

9.30 Moviedrome. Alex Cox previews tonight's film.

9.35 Film: Play Misty for Me. A disc-jockey is stalked by a girl who turns out to be a homicidal maniac. Psychological drama, directed by and starring Clint Eastwood (1971).

11.10 Cricket: Fifth Test. England v Pakistan.

11.40 The Night Stalker. Carl Kolchak (Darren McGavin) uncovers the story of Ice Age monsters who *live in caves beneath the streets* of Chicago.

12.30 Film: Secret Beyond the Door. An heiress marries a moody millionaire with a death fixation. Melodrama, starring Joan Bennett and Michael Redgrave (1948).

2.10 Close.

LWT

6.00 TV-am. 9.25 Disney's Greatest Villains. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Witness. 12.30 pm The Entertainers.

1.00 ITN News; Weather.

1.05 LWT News.

1.15 The A-Team.

2.10 Film: The White Lions. Michael York stars as a naturalist living with his family on an African wildlife preserve. Drama, with Glynnis O'Connor and Donald Moffat (1981).

4.00 Film: Airport. The general manager of an airport deals with a number of dramatic emergencies. Starring Burt Lancaster, Dean Martin, Jean Seberg and Jacqueline Bisset (1969).

6.30 ITN News; Weather.

6.35 LWT News and Weather.

6.40 Annie Across America. Anne Gregg investigates the religions and music of New Orleans.

7.15 The Richard and Judy Show. With Coronation Street's Alec Gilroy, alias actor Roy Barraclough.

7.45 Watching.

8.20 Second Thoughts. Comedy, starring James Bolam and Lynda Bellingham.

8.50 ITN News; Weather.

9.05 LWT Weather.

9.10 Film: Columbo: Murder, Smoke and Shadows. The scruffy detective investigates when an egocentric film director murders a vengeful friend. Thriller, starring Peter Falk (TVM 1988).

10.55 TV Squash.

11.25 The Last Cigarette. A wealth of stars, including Rory Bremner, Craig Charles, Frank Carson, Lynn Faulds Wood and the Spitting Image puppets, encourage viewers to kick the smoking habit.

12.55 Cue the Music. Featuring Pink Floyd in concert at Pompeii, Italy.

1.55 Get Stuffed; ITN News Headlines.

2.00 The ITV Chart Show.

3.00 Get Stuffed; ITN News Headlines.

3.05 Film: The Jayne Mansfield Story. *TV film based on the brief life of the blonde sex symbol of the* 1950s. Starring Loni Anderson *and Arnold Schwarzenegger.*

5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Talking Liberties. 10.45 Dennis. 11.00 Owl TV. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: Happy Ever After. Irish villagers draw lots to murder their tyrannical squire. Black comedy, starring David Niven and George Cole with Barry Fitzgerald and Yvonne de Carlo (1954).

3.40 Der Rosenkavalier. Armin Brunner's adaptation of Richard Strauss' film score.

4.55 News.

5.00 Mr Mike is on the Mountain. In 1989 a group of Britain's top climbers left Kathmandu for Mount Makalu and this film features the uneasy relationship between the British climbers, their Sherpa staff and local porters.

6.00 Bush Tucker Man. Les Hiddins continues his trek across the Australian Outback.

6.30 The Cosby Show.

7.00 Equinox. New series. The highly acclaimed science and technology series returns, with a look at the development of a human egg cell from fertilisation to birth.

8.00 Europe Express. Reporting on a bizarre murder case in Vienna, the effectiveness of Italy's elite police force, and ethnic Austrians who are returning to Bohemia 45 years after fleeing communism.

8.30 Chad Varah – The Good Samaritan. Profiling the controversial priest who founded the Samaritans. In a frank interview, Chad Varah talks about how he was press-ganged into the priesthood, and how his life changed forever when he had to bury a 14-year-old suicide victim.

9.30 Go Fishing. John Wilson fly-fishes for steelhead trout in the Copper River of British Columbia.

10.00 Film: Come Back to the Five and Dime Jimmy Dean, Jimmy Dean. Girlfriends celebrate the 20th anniversary of James Dean's death. Sandy Dennis, Cher, Kathy Bates and Karen Black star (1983).

12.05 Extreme East.

12.35 Film: La Religieuse. French drama following the anguish of a *young nun (Anna Karina) who* refuses to take her vows seriously (1965).(English subtitles).

3.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.25 Countrywide. 12.50 Anglia News. 1.10 Doctor in Love. (1960) 2.50 The Hindenburg. (1975) 5.05 Highway to Heaven. 6.00 Dinosaurs. 6.35 Anglia News. 10.55 TV Squash.

BORDER: 10.15 Cartoon. 12.30 Gardening Time. 12.55 Border News. 1.10 Chequered Flag. 1.40 Masters Crown Green Bowling. 2.35 Ambush at Tomahawk Gap. 4.00 Bowling. 5.30 Scotsport. 6.35 Border News. 10.55 TV Squash.

CENTRAL: 10.20 Heidi. 12.30 Gardening Time. 12.55 Central News 1.10 War on Wildlife. 2.15 Red Skies of Montana. (1952) 4.05 Journey to the Far Side of the Sun. (1969) 6.00 Classic Candid Camera. 6.35 Central News 10.55 TV Squash.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 Story of Steam. 1.55 Robinson Crusoe. 2.55 Break in the Circle. 4.30 Family Theatre. 5.30 House Style. 6.00 Tell the Truth. 6.35 Channel News. 10.55 TV Squash.

GRAMPIAN: 10.15 Cartoon. 10.45 Children's Island. 11.15 Journeys. 11.45 Link. 12.30 Jack Thompson Down Under. 1.10 Life With the Lyons. 2.30 Among Mountain Gorillas. 3.30 Katts and Dog. 4.00 Scottish Masters Bowls. 5.00 Scotsport. 8.00 NB Special. 10.55 TV Squash.

GRANADA: 10.20 Heidi. 12.25 Young Up Front. 12.55 Granada News 1.10 The River Thames. 1.40 1992 Masters Crown Green Bowling. 2.40 Ambush at Tomahawk Gap. (1953) 4.00 1992 Masters Crown Green Bowling. 5.30 Coronation Street. 6.35 Granada News 10.55 TV Squash.

HTV: 12.30 West Country Farming. 12.55 HTV News. 1.10 *Press Your Luck.* 1.40 *Liz – Diary of a* Champion. 2.10 What a Way to Make a Living. 2.40 Wrestling. 3.25 Cartoon Time. 3.45 Among Mountain Gorillas. 4.05 Journey to the Far Side of the Sun. 6.35 HTV News. 10.55 TV Squash.

SCOTTISH: 9.25 Spooks Run Wild. 10.45 Heidi. 11.15 Link. 11.30 Right or Wrong. 12.30 Scotland's War. 1.10 Taxi. 1.40 River of No Return. 3.25 The Red Fury. 5.00 Scotsport. 6.00 Bullseye. 6.35 Scotland Today. 10.55 TV Squash.

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 1.10 The Life and Times of Grizzly Adams. 2.30 Gus Honeybun's Cartoon Time. 2.40 Tender is the Night. (1961) 5.30 Superman. 6.00 Gardens for All. 6.35 TSW News. 10.55 TV Squash.

TVS: 12.35 Heidi. 1.10 Story of Steam. 1.55 Robinson Crusoe. 2.55 Break in the Circle. 4.30 Family Theatre. 5.30 House Style. 6.00 Tell the Truth. 6.35 TVS News. 10.55 TV Squash.

TYNE TEES: 12.25 The Intruders. 12.55 Regional News. 1.10 Dogs with Dunbar. 1.40 Masters Crown Green *Bowling. 2.35 Ambush at Tomahawk Gap.* 4.00 A Different Ball Game. 4.30 1992 Masters Crown Green Bowling. 5.30 Highway to Heaven. 6.35 Regional News. 10.55 TV Squash.

YORKSHIRE: 9.25 Nicholas Nickleby. (1985) 12.25 Newrang. 12.50 Calendar News. 1.10 Charlie, the Lonesome *Cougar. 2.45 Highway to Heaven.* 3.40 The Caine Mutiny. (1954) 6.00 New Candid *Camera. 6.35 Calendar News. 10.55 TV Squash.*

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Mark Wynter. 1.00 ITMA. 1.30 Jimmy's Cricket Team. 2.00 Sounds of the Fifties.
3.00 Steve Race. 4.00 Judith Chalmers' Hi Days and Holidays. 5.00 Cinema 2. 5.30 The Movie Quiz. 6.00 Katie and Friends. 7.00 You Can't Have One Without the Other. 7.30 The Musical World of Gillian Humphreys.
9.00 Easy Does It. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Record Release.
10.55 Test Match Special.
6.10 Evening Sequence.
7.30 Proms 1992.
9.30 Ulysses.
10.00 French Flute Music.
10.35 The American Connection.
11.15 Jazz Record Requests.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 *Prayer for the Day.*
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 On the Hour.
10.30 The Marx Brothers' Flywheel, Shyster and Flywheel.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Inside Money.
12.25 They Think It's All Over.
1.00 News.
1.10 Call to Account.
2.00 Wilko's Weekly.
2.30 Saturday Playhouse.
3.45 The Other MCC.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Grand Tour: Istanbul.
6.00 News and Sports Round-up.
6.25 Little Blighty on the Down.
6.50 SOS.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Gardening Quiz.
10.45 Sitting Targets.
11.00 Tingle Factor.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
8.30 Danny Baker.
9.30 Ross King.
12.30 Caron Keating.
2.30 Terry Wogan.
6.30 Five at the Olympics with John Inverdale.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk.
8.30 As I Recall. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary.
11.01 Jazz Now And Then. 11.15 Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain.
1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German. 4.40 German Features.
5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features.
7.54 News in German. 8.00 Counterpoint. 8.30 Europe This Weekend. 9.00 News; Olympic Sportsworld. 9.30 Meridian. 10.00 Newshour.
11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice.
12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play Of The Week: A Coat of Varnish. 3.00 Newsdesk.
3.30 The Columbus Encounter. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell.
4.00 Serenade in Brass. 4.30 Sing Something Simple. 5.00 Malcolm Stent. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith.
10.00 The Arts Programme. 12.05 Mark Wynter. 1.00 Charles Nove. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
10.55 Test Match Special.
6.10 An Evening Sequence.
7.30 Proms 1992.
9.45 Sunday Play.
10.15 St Magnus Festival.
11.15 Piers Lane and Kathron Sturrock.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Agnes Fletcher.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
4.00 The Weaver of Time.
4.47 Dust Devils.
5.00 Down Your Way.
5.40 Lines of Communication.
6.00 Six O'Clock News.
6.15 The Village.
6.30 The Standard Setters.
7.00 Your Place or Mine.
7.30 A Good Read.
8.00 Punters.
8.30 Reading Aloud.
9.00 Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 The Adventures of Sherlock Holmes.
11.00 The Board Game.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
7.00 Waterlines.
7.30 Danny Baker.
9.30 Ross King.
12.30 Caron Keating.
2.30 Terry Wogan.
6.30 Five at the Olympics with John Inverdale.
10.00 Open University.
12.50 Close.

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10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week - A Coat of Varnish. 2.00 Newshour. 3.00 News Summary. 3.01 The Art Of The Obituary. 3.30 Anything Goes. 4.00 News. 4.15 BBC English. 4.30 News in German; German Features. 5.00 News; Travel News; BBC English. 5.30 Londres Soir. 6.14 Club 648. 6.25 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 The Musician's Musician. 8.30 Europe Tonight. 9.00 News. 9.09 Olympic Sportsworld. 9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Short Story: In The Park. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; With Great Pleasure. 2.45 Rites of Man. 3.00 Newsdesk. 3.30 Composer Of The Month: Frederic Chopin. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 The Week Ahead; Travel. 4.45 News and Press Review in German.

CHESS/BRIDGE

NEWS OF Bobby Fischer's planned comeback stimulated Anatoly Karpov to one of his best results at Biel this week. After losing to Nigel Short, Karpov lamented his "many mistakes" but, suddenly, he has a wonderful opportunity.

Karpov became world champion by default in 1975 when Fischer refused to play. If the American now beats Boris Spassky convincingly, his logical next step would be a multi-million dollar series against Karpov prior to a possible Fischer-Gary Kasparov match.

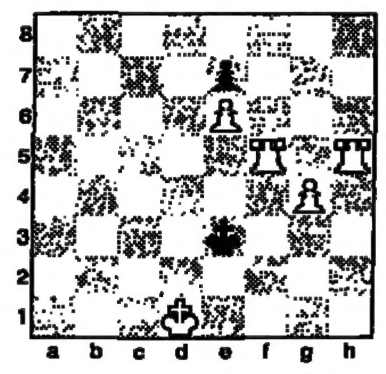
Sensing his chance, Karpov won Biel with 10½/14 ahead of Georgiev 9 and Tony Miles 7. He also brilliantly defeated the young Latvian, Shirov, who is world number four to Karpov's number three in the latest rankings.

A Karpov, White; A Shirov, Black. Queen's Gambit. Biel 1992.

1 d4 d5 2 c4 c6 3 Nc3 Nf6 4 e3 e6 5 Nf3 Nbd7 6 Qc2 Bd6 7 Be2 0-0 8 0-0 dxc4 9 Bxc4 b6? This flank advance is a source of Black's troubles. He should counter centrally by preparing e5. **10 Be2 Re8 11 Rd1 Qc7 12 b3 e5 13 h3 Bb7 14 Bb2 a6 15 dxe5 Nxe5 16 a4 Rad8 17 Ng5 Qe7 18 Nce4 Nxe4 19 Nxe4 Bb4 20 Ng3 f6 21 Bxe5!** Few experts would exchange White's strong bishop, but Karpov visualises a light-square attack on Shirov's king. **Qxe5 22 Bd3 h6 23 Bg6 Rf8 24 Nf5 c5?** Now the white rook joins in; better Bc5-b6.

25 axb5 axb5 26 Ra7 Qc7 27 Nh4 Rxd1+ 28 Qxd1 Ra8 29 Qg4! Qc6 There is no defence. If Rxa7 30 Qe6+ and Qe8 mates. **30 Rxb7! Qxb7 31 Qe6+ Kh8 32 Be4 Resigns.** If Qa7 33 Qf5 g6 (Qa1+ 34 Bb1) 34 Qxf6+ mates or wins the rook.

CHESS No. 935



White mates in three moves against any defence (by V. Kozhakin, The Problemist, 1992). This defeated me for half an hour; can you do better?

Solution Page XIV

Leonard Barden

TODAY'S hand comes from teams-of-four and shows the difference between average and expert dummy play. Let us learn the lesson of The Second Chance:

N
♠ J 4
♥ 9 5 2
♦ 6 3
♣ A J 9 8 6 2

W
♠ 10 8 7 5 2
♥ K J 8 4
♦ 9 4
♣ 5 3

E
♠ Q 9 6
♥ Q 7 6
♦ K 10 8 5
♣ Q 7 4

S
♠ A K 3
♥ A 10 3
♦ A Q J 7 2
♣ K 10

South was dealer and opened the bidding with two no-trumps. North's raise to three no-trumps closed the auction.

West opened with the spade five, dummy's knave was played, East covered with the queen and the king won. In room one, the declarer cashed the diamond ace and continued with the queen. The king won and East returned the spade nine. This ran to the 10, and another spade to declarer's ace cleared West's suit.

When the knave of diamonds was cashed, West discarded the eight of hearts. The declarer ran the 10 of clubs, East won, and the return of a heart defeated the contract.

In the other room, the bidding was identical and the same four spades made up the first trick. This time, at trick two declarer led his club 10 and overtook it with dummy's knave.

East was no fool – he knew what was going on – and ducked. If he wins, South can overtake his king with dummy's ace and enjoy the rest of the clubs.

But the lead was now in dummy, so declarer returned a diamond and finessed his queen, which held. He crossed to the ace of clubs and played the last diamond, finessing his knave. He made the ace, conceded a trick to East's king and claimed his contract with two spades, one heart, four diamonds and two clubs.

Brilliant play by the declarer. To run the club 10 in such a position is a familiar coup, but overtaking it with the knave on the table, permitting the two diamond finesses, was quite superb.

E.P.C. Cotter

CROSSWORD

No. 7,920 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday August 19, marked Crossword 7,920 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 22.

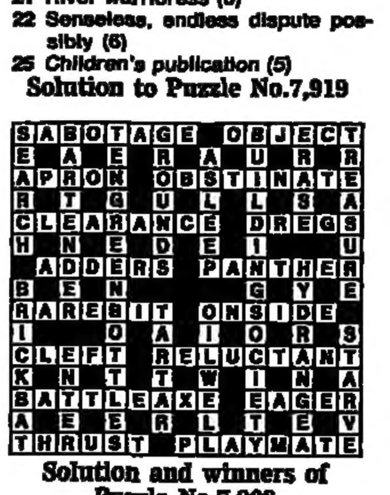
Name...

Address...

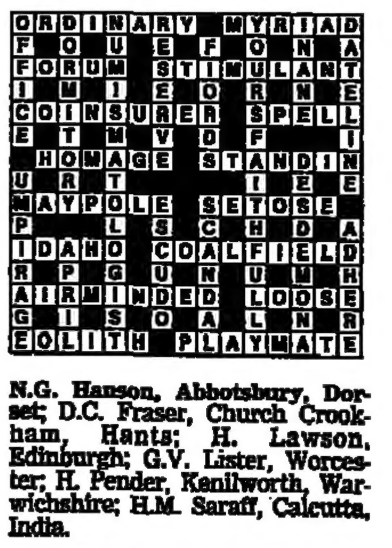
ACROSS
1 Carefully tenderising these parts of recipe? (11)
7 Single dash (3)
9 Crown of one in seat of Irish kings (5)
10 Drink-bearer, one giving 29? (9)
11 Unrehearsed Chopin work? (9)
12 Husky, we hear, from heroin (5)
13 A French report may be ill-founded (7)
15 Cool peaceful flat (4)
18 Henry in saloon daily (4)
20 Casual nursery-rhyme (7)
23 Schoolboy's mother makes friend run (5)
24 Frank consumed one put up (9)
26 See Zoë adapt a lively Spanish dance! (9)
27 Small size of print for a big star (5)
28 Bob, retired fellow (3)
29 Flat that may change our policy (11)

DOWN
1 Interest from sharp practice (8)
2 Ambition at office – to be upright (8)
3 Old books are coming back – muse! (5)
4 Dull at home, pickpocket is retiring (7)
5 Name record melody from "The Planets" suite (7)
6 One is in no hurry, presumably, to climb new hotel bars (5-4)
7 Handicap for Jack with an overdraft (6)
8 There is usually room for improvement where they work (6)
14 Leading lady at the cinema? (9)
16 Some lira to be changed? Use gnomes! (8)
17 Sort on pitch, put into same parts repeatedly (8)
19 King who provides tea, free, outside (7)
20 Profile to study on trip (7)
21 River warrioress (6)
22 Senseless, endless dispute possibly (6)
25 Children's publication (5)

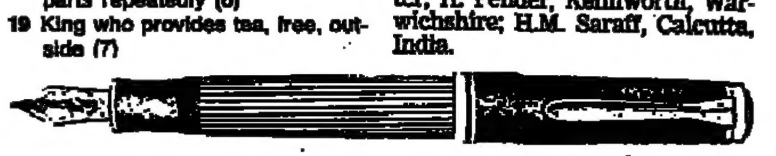
Solution to Puzzle No.7,919



Solution and winners of Puzzle No.7,908



N.G. Hanson, Abbotsbury, Dorset; D.C. Fraser, Church Crookham, Hants; H. Lawson, Edinburgh; G.V. Lister, Worcester; H. Pender, Kenilworth, Warwichshire; H.M. Saraff, Calcutta, India.



A rather nasty British disease

Pride in one's country is fine. Jingoism is something else, says ***Dominic Lawson***

I HAVE spent most of the past week in Morocco. It was difficult to sleep, but I blame neither the heat nor the flies. I blame the Olympic Games. On the first day Khalid Skah, of Morocco, won the men's 10,000 metres race. All night there was a strange chanting, which I took to be a celebration.

The next day Skah was disqualified, for reasons which were not altogether appreciated by the man in the casbah. So the quiet of the night was this time rent by peculiar ululations which I took to be the Arabic for "we wuz robbed." Then, on the third day, Khalid Skah rose from the dead. His disqualification was revoked. There followed another night of howling, this time accompanied by the beating of distant drums.

In England, of course, we are above such primitive and pointless patriotism. We are above it because the newspapers and television do it for us, beating the drums which resonate in every home in the land. On my first day back in England, I turned to the BBC to watch what purported to be the highlights of that day's events in Barcelona. Virtually the entire programme was given over to an interview of stupifying banality with Sally Gunnell, the British winner of the women's 400m hurdles.

The race was shown – I might have lost count – four times, once accompanied by music, giving it the full *Chariots of Fire* treatment. How much I would have preferred it if the BBC had delivered one programme of genuine highlights of the Olympics and then, for those of a more Moroccan disposition, a late-night programme consisting of Sally Gunnell's race replayed endlessly against a soundtrack of *Land of Hope and Glory, God Save the Queen, I Vow to Thee My Country, Rule Britannia*, and other suitable anthems.

The following day, British runner Kriss Akabusi won the bronze medal in the men's 400m. This was an interesting piece of news for sports fans, but I cannot be alone in finding it odd that the BBC commentator noticed this fact before realising that the winner of the race, the American, Kevin Young, had broken the world record.

I don't suppose the British media are biased uniquely in this respect. I am even prepared to believe that every country has an equally absurd concentration on its own athletes' performances, all ignoring completely the real pattern of success, achievement and failure at the Barcelona Games.

Doubtless, we would laugh if we were able to tune into the television of a small African country and watch countless repeats of its man coming third in the steeplechase. But I find the British version of this disease upsetting, because it seems to me characteristic of a small or inconsequential country so starved of success that it exaggerates wildly and overplays even the most minor triumphs.

In Britain's case, this minor state nationalism has been accompanied by an increasingly boorish attitude to opponents. There was a time when visiting foreign football teams were applauded at Wembley, partly out of courtesy. Nowadays, if a visiting team crushed England, as the Hungarians did in the 1950s, rather than simply marvel at the skill of the foreigners the UK press would demand that the English manager be sacked, as if anything less than perpetual victory was a national insult.

The biggest danger is that Britons somehow take sporting success as symbolic, or even proof, of some great national virility – as, in our case, a triumph of Englishness over foreignness. The old communist regimes of eastern Europe understood the propaganda value of this very well.

One reason why we in the west believed all the nonsense about the "showpiece" East German economy was because we found it hard to imagine that a nation which could produce so much success on the sports track could be, at the same time, decadent, corrupt and redundant.

There is nothing wrong at all with patriotism. Pride in one's country is an admirable sentiment and is often the well-spring of heroic acts of altruism, particularly in times of war. But the achievement of a plain Essex girl in leaping over hurdles at unbeatable pace tells us nothing about ourselves and nothing about our country.

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

An Aussie with a grip on the numbers game

Tony Andrews

"G'DAY!" said the director of the Central Statistical Office, and held out a big paw. He looked like a rugby wing forward as he bounced around the grand Whitehall office in his shirtsleeves. An Aboriginal bark painting hung above the polished desk.

Bill McLennan is the result of one of the most unusual – or imaginative – appointments ever made to the top of the British civil service.

There is nothing of the self-deprecating mandarin about his person. He is a cheery Australian ankle-biter with a good international reputation who was recruited to smarten up the service on which the government depends for its steering of the British economy.

He reportedly told the Whitehall selection panel that UK statistics were "crook," a reference to the fact that some vital numbers – the trade figures and GNP growth, for example - were so late and so approximate as to be near-useless.

In private, he uses expressions like "It's a load of crap." In public, he is a lot more tactful, but flaunts his Aussie background as boldly as a kookaburra in a cageful of pigeons. Since taking office in March, he has once or twice come nearly to blows with Treasury men who objected to his manner.

I asked him if people commented on his Australian behaviour.

"Yes, they do."

Do they say it with approval or disapproval?

"When they're talking to me, with approval. When they leave, I don't know what they say." He chuckled.

Has anyone said to you: "Look, old boy, couldn't you calm down and be a bit more like us?"

"No. I expect that'll happen eventually."

Did you think about it before you came?

"I realised that things would be different here and I had to be a bit cautious and not be my normal aggressive self, I suppose. So I've tried, for me, to be a bit quiet about it."

Is your language less colourful than it was in Canberra?

"I think the answer's Yes. Until I get cranky."

McLennan is no fool. He helped make the Australian Bureau of Statistics, of which he was deputy head, one of the best in the world by vigorous management, computerisation, and marketing new lines of statistics for public sale.

He is the son of a dairy farmer in New South Wales who died when the boy was only 10. The family moved to Wollongong and his brothers went to work in the steel industry. He considered a career in the air force but instead joined the statistics bureau as a 17-year-old cadet and was put through the Australian National University in Canberra, reading pure mathematics. There he met his wife, Christine, also a statistician, who now has a job in the operations research division of the British Treasury.

Although wooed by private companies who offered him jobs in corporate planning or information systems, he did not want to leave Canberra or the security of the civil service. "Also, I had got involved in running people, running organisations, dealing with the management side of things."

McLennan is very keen on management. He solemnly gave me a copy of his own profile, one of those quasi-scientific assessments in which consultants tell managers in suitably ponderous jargon what the managers have already revealed about themselves in the consultant's questionnaire.

Bill McLennan, 'a cheery Australian ankle-biter', is shaking up the Central Statistical Office

According to this document, McLennan is an "assessor-developer" in the Team Management Wheel. He also has a bit of the explorer-promoter in him, likewise the thruster-organiser. All his senior colleagues have been put through the same unhappy process.

The new director of the CSO is not afraid to use more old-fashioned methods of inculcating team spirit. He takes his colleagues away for discussion weekends or down to the pub for a drink. Being Australian, he cannot escape the reputation of having hollow legs.

Do you like drinking? I asked him.

"I've had a couple of beers. I don't beat my wife, either."

You've got a good head, have you?

"What, for figures?"

McLennan likes figures as well as beer. I asked him to describe the appeal of his ascetic profession.

"I think I like the precision of it. I like the idea of producing numbers accurately, that people will use. I like the management side of it, working in an organisation where you try to get all the people to think the same way.

"It's not everybody likes to work in an organisation where the truth is paramount. But you can't be a statistician if you don't believe that. I think."

Is it creative?

"Oh, certainly. You're creating new collections, new ideas all the time."

Are you looking for a truth? Or just for one facet of it?

"What's truth, I wonder? I think you might be right. You're actually looking for the best possible answer to a particular problem. You never get the perfect answer."

Is it clear that people know what question they're trying to answer?

"That's one of the difficult things, which is why we spend so much time testing the questions to see whether people understand them."

What are you really trying to do?

"To change the collective thinking of senior staff, to think more corporately, to think more long term."

How will we, the public, benefit?

"You'll obviously get better statistics. But the name of the game is not even getting better statistics. It's getting the numbers out that people will actually use. There's no point me giving you the best statistics in the world if you never use them. That means providing what they want, when they want it, at the price they want it."

McLennan's enthusiasm for selling statistics has led some people to fear that his appointment exposes a hidden agenda to turn the CSO, the first job of which is to supply the Treasury, into a sort of business. So far, he has proposed nothing more outrageous than to build up an electronic subscriber list, to revamp press releases and sell them directly to the outside.

Will you sell for money what at present you're giving away for nothing?

"Oh, I don't know about that. What I'd be inclined to do is put all our major releases in deposit libraries round the country, so anyone can get them free if they want, and charge for personal copies or special tabulations or figures provided electronically.

"The real thing, though, is this: if I'm charging you a pound and it's not what you want, you won't pay a pound for it. So there's immediate feedback. But when you've got it right, you can charge them almost anything."

McLennan's appointment, coming after the CSO's conversion from a government department into an agency, is seen as evidence that ministers will tolerate more openness and independence in its statistical service.

The CSO director is certainly construing things that way; he has already ruffled feathers by insisting that statisticians at all the other ministries publish their figures according to a timetable that prevents tactical delays for political convenience.

As for openness, what other permanent secretary in Whitehall would sit and talk, on the record for an hour, about his public responsibility and personal habits? But McLennan knows when not to go too far.

I asked him what struck him most about the British civil service.

"It's got different ways of working – almost working at a different pace."

Slower or faster?

"Slower, I think. It's more considered, more deliberate. Responsibilities in Australia are more devolved to department heads than here. It's heading that way here."

Would you call the British system antiquated?

"It's different. I don't know if it's antiquated. I wouldn't want to use such a pejorative word."

What word would you use?

"It's certainly more formal in some ways. On the surface a lot of things look the same, but in actual fact they're really not. It's the way people think.

"It's very difficult for me to make any strong statement because I just haven't been here long enough. It's certainly very different. But when I've been in to bat on a couple of issues, the result's been very positive very quickly."

I thanked him for talking to me.

"OK", said the director of the Central Statistical Office. "No worries."

An everyday story of BBC folk

Raymond Snoddy *explains the drama behind the drama of Eldorado*

FIRST there is a 50-year old called Bunny who goes to a funeral in England and brings a teenage bride called Fizz back to the Costa del Sol. Fizz is about to go missing, unlikely ever to return, although it unclear whether this is because of the needs of the plot or the quality of her acting. Certainly Fizz's fate seemed to be a surprise to the actress portraying her, Kathy Pitkin.

Then there is 40-something Trish Valentine and her toy boy German lover Dieter and lots more characters, marooned on the mythical Costa Eldorado and about to be introduced have relationships, disappear.

"Everyone has a secret, and everybody is running away from something," says Tony Holland, one of the creators of the BBC's £10m soap, or popular drama in which 30 characters act out their tale of "sun, sand, sangria – and of course sex" in an urbanisation in the mountains near Malaga.

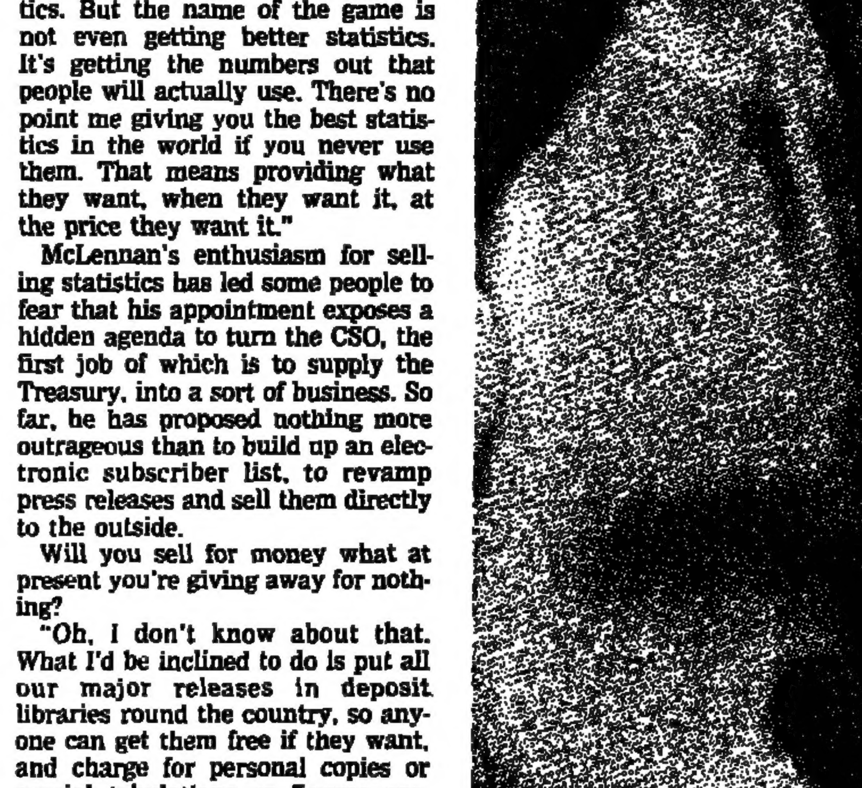
Right now it could be the bad ratings and unflattering things that have been said about some of the acting that some of the characters are running away from. Rumours that a serious coach crash will be written into the series soon have been vigorously denied.

It is more difficult to deny that the three times a week drama, and Sunday omnibus edition, is having a tough time. It was supposed to shore up BBC1's ratings and even add maybe 1.5 per cent to the Corporation's audience share in the increasingly bitter battle with ITV.

It started with an audience of 10m, but fell to between 4.4m and 5.7m in the week ending July 26. Even more ominously, the unofficial figure for last Friday's main showing was only 2.8m.

So, just as interesting as the problems of Bunny and Fizz are the growing torments of three middle aged, talented and strong-minded characters called Julia, Jonathan and Verity. All three have much to lose.

At stake for Julia Smith, a determined lady of a certain age, is her reputation as a creator of successful soaps. Her credits include EastEnders – a more down-to-earth gritty soap which last week attracted an audience of more than 16m. Julia Smith has now retired from Eldorado suffering from exhaustion, after getting the drama on air. There are no plans for Julia Smith to return within the next six months to the real Spanish village, which cost the BBC £1.5m. Corinne Hollingworth has been rushed out to Spain from Albert Square the set of EastEnders to be series producer.



It's not all golden for the cast of Eldorado . . .

Jonathan Powell, the suave, charming controller of BBC 1, has even more to lose. Some say Jonathan could be in trouble even if Eldorado is a success. Big viewing figures for something as obviously populist as Eldorado could embarrass John Birt, who takes over as BBC director general in April with a mission to emphasise the Corporation's distinctiveness and public service broadcasting role.

Jonathan, a stout fellow, is standing fully behind Eldorado and has little fault to find. He flew out to the set on Wednesday to tell the cast and the assembled tabloid journalists so on Wednesday. An acting coach is, however, being sent out in case help is needed with the more difficult scenes.

For Verity Lambert, the powerful creator of Cinema Verity, the stakes are even higher than her three-year contract. Eldorado is the largest commission ever given to the UK's independent production sector. A flop would cause anguish in Charlotte Street in London where independents perch and hope.

Luckily Verity has experience of turning programmes round. One of her previous creations, Minder, failed to set the world alight on its first outing. It is now one of the most popular drama series.

It is too early to write off or write out Bunny, Trish and Dieter, Jonathan, Verity or even Julia. The sound of crashing soaps is not unusual at the beginning. Coronation Street was voted a disaster 32 years ago. EastEnders' audience dipped to 5m before starting its climb. Last week's rating were particularly unrepresentative because of the competing attractions of the Olympics.

Jonathan deliberately started Eldorado in the summer, when many of its potential viewers are on holiday in Spain so that it would have time to settle down in time for the autumn viewing season. Then, he hopes, Eldorado will come into its own.Jonathan had better be right, for besides giving the actors more coaching, killing off a few characters or doing more filming off the set, little can can be done to change the drama. To an unusual degree Eldorado is locked into its locale and format. And maybe audiences will just not be interested in the doings of rootless expats of various nationalities. Eldorado's fate should be clear from the mid-November ratings. Meanwhile the best chance of avoiding disaster is all the publicity generated by those who think it should be axed immediately.

Follow the leader

Michael Thompson-Noel

DID YOU happen to see that leader in *The Times* last Monday entitled *Chariots of Hope and Glory*? It was a model of the leader-writer's art: pithy, uplifting and as fast off the blocks as its subject, British sprinter Linford Christie, the toast of Barcelona.

"*Six hundredths of a second*" – it started – "*are an infinitesimally short time for most sublunary activities... But this was the margin by which Linford Christie won the Olympic 100 metres at the weekend, an apparently leisurely stride and a half ahead of the other fastest men in the world from Africa and the Americas, straining and ducking towards the tape behind him in that far fierce split-second and sweet.*"

Sublunary means mundane or terrestrial. I had to look it up. I shall use it often now, though I doubt I will have the wit to use it as a launch-pad for the poeticism of "*far fierce split-second and sweet.*"

That was the first paragraph. But the writer did not rest on his laurels. He upped the ante, boosted the pace, showed a flash of character, answered the big question and was not found wanting.

After "*far fierce split-second and sweet*" he threw in a bit of business about Christie confessing as a child that he wanted to be the "*fastest man on earth*" – a title, wrote *The Times*' unknown warrior, that derived from journalistic hyperbole.

It had to be hyperbole because "*in miles per hour, the fastest man in the world is often the one running 200 metres... he is running at top speed for longer: the record for 200 metres is usually less than twice the time for the 100. Nevertheless, it the 100 metres that is the cynosure of athletics...*"

From there, the leader moved towards its climax with utmost panache: "*To run faster than all*

HAWKS & HANDSAWS

comers" – it concluded – "*glorifies not just the runner and his country, but humanity itself. That is why those six hundredths of a second make even the most unathletic walk with a spring in their strides this morning.*"

I don't expect that you know any newspaper leader-writers. They are invariably quite small men – 5ft 3in is rare – who wear waistcoats and spectacles and live in pretty suburbs. Most are over-educated. Also introverted and combative. They are combative because they know that the only people who read newspaper leaders are the people who write them.

This is not as it should be. The reason I say this is that I am a director of a small London company that supplies leader-columns to newspapers on a freelance basis. The work is arduous and ill-paid, but the Olympics are a god-send. Yesterday, for example, I sat at the word processor and bent my mind to the Olympic medals table.

"*In the fiery cauldron of the Olympic stadium*" – I started – "*all men and nations are equal. Whether you are a pampered American track star with hand-tooled luggage and a syringe in your pocket, or an uncalculating tribesman from the ancestral plains of Africa, all are equal before the judges. This also applies to nations. At the top of the medal list this morning sit the Unified Team of former communists with 88 medals, followed by the US (86) and Germany (58). These are big-spending teams with a lust for winning. But that does not make them greater in spirit or in pride than little nations with just a bronze medal each: the Bahamas, Columbia, Ethiopia, Iran, Malaysia, Mongolia, Surinam.*"

That was going well, so I called an assistant to finish it off and sat at another screen:

"*It is a mark of the crumbling of Britain's class system that a golden Essex Girl like Sally Gunnell should have captured the hearts of the global billions with a magnificent display of courage in the Olympic women's 400 metres hurdles. Not for Sally Gunnell the lip-gloss contracts of glamorous rivals like America's Sandra Farmer-Patrick, whom she slew on the burning track. Sally is the face of John Major's Britain. She is modest yet determined. Reassuringly plain. In her own word: 'Brilliant'!*"

I rushed to another screen: "*South Africa could explode at any moment, which means that the South African Olympic team in Barcelona could be reduced to the status of refugees. Who will give them sanctuary? Who will offer succour?*"

I called for an assistant. I would not rest on my laurels. It was time to raise the stakes, to show a flash of character, to answer the big question and burst through the pain wall.